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HOTELS/MOTELS & RESORTS

***Scramble for the luxury market—Pages 43-71***

Nation's
# Restaurant News®

*The Newspaper of the Food Service Industry*

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## Denny's to buy 48 Sambo's

By Richard Martin

CARPENTERIA, Calif.—Denny's has agreed to pay Sambo's $14.75 million for 48 Sambo's restaurants located primarily in Florida, Pennsylvania and Virginia.

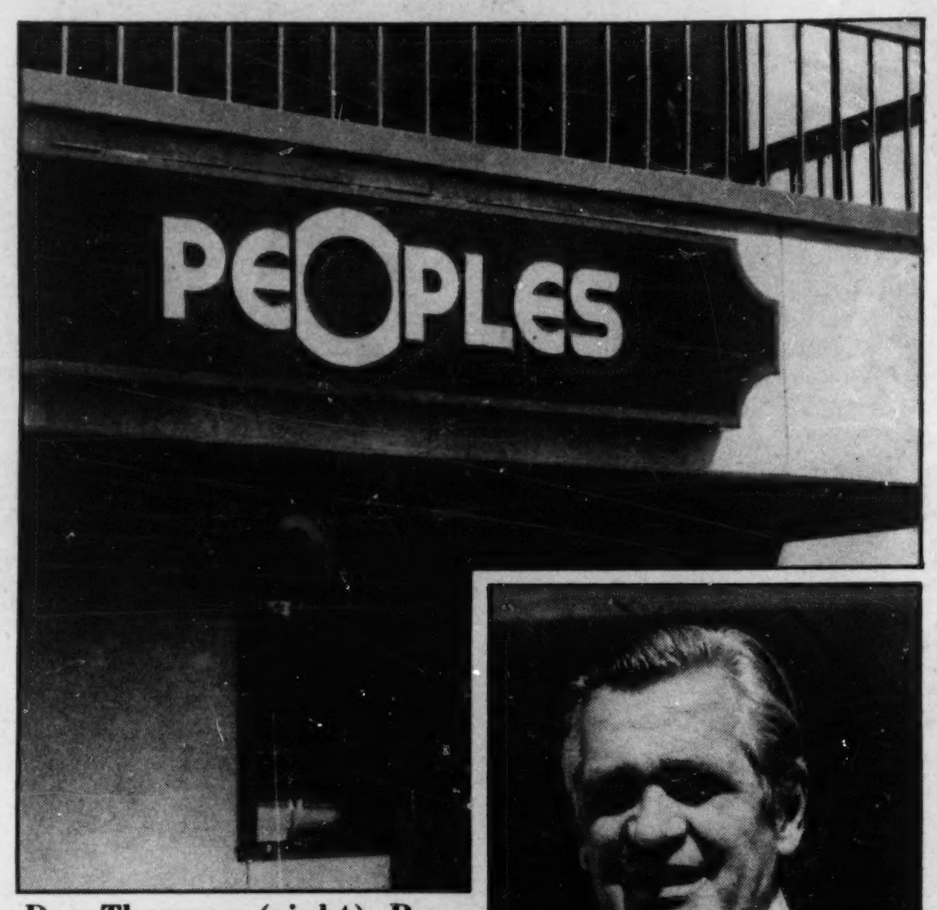
This transaction would leave Denny's restaurants 1,150 units and Sambo's with 618, which are slated for conversion to "Pleaser's" or "Season's," or for sale to other chains. It marks a continued drive by Denny's to acquire sites through acquisition.

Included in the low purchase price are land, buildings and equipment at 11 locations and leasehold interests and equipment at the remaining 37 restaurants. The transaction awaits the resolution of certain title matters involving cross-collateral agreements and approval by the Bankruptcy Court which governs Sambo's operations under Chapter XI.

To finance the acquisition, and future expansion activities, Denny's is offering $50-million worth of 25-year convertible subordinated debentures with a yield of 9.5%, convertible into shares of the company's common stock at $36 a share.

In addition to the purchase price, disclosed in the prospectus for the proposed debenture offer, Denny's will spend about $125,000 for conversion of each Sambo's unit to the Denny's concept. President Vern O.

*(Continued on page 128)*




**Don Thomson (right), People's chairman and former Bonanza chairman, expects to roll out at least 30 more People's restaurants by the end of 1982.**

## Peoples fashions new market niche

By Donald Frazier

RICHARDSON, Tex.—Born of adversity and nurtured in a deep recession, the fledgling People's Restaurant company is carving out a unique niche in the restaurant marketplace.

People's—and a sprinkling of like-minded operators such as Houston's and Chili's—have held off economic woes and found their place in the market by integrating several different dining experiences with as many pricing structures under the same roof.

As one of the first of these revisionists to move into double-digit unit growth and a formal franchising program, People's has attracted much of the attention.

The Sunbelt operation has more than doubled in size since it was spun off from the Bonanza chain of budget steakhouses last year, growing from 11 to 28 units. It has achieved average annual unit sales of about $1.4 million.

And it is slated for even more growth during the next year. Company chairman Don Thomson expects to roll out at least 30 more of the restaurants by the end of the year. This growth will be funded by the $17.3 million which flowed into the company's coffers after a recent stock offering.

In another move meant to facilitate rapid expansion, Thomson recently appointed Guy W. Van Dyke as president and chief operating officer. A veteran of Long John Silver with several years as a vice president of operations, Van Dyke is expected to bring to People's the standardized operational systems required for multiple-unit growth.

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## BK intensifies 'battle of the burgers'

By Joe Edwards

MIAMI—As McDonald's and Wendy's lawyers prepare to battle Burger King in two separate Federal courts in Florida, Burger King has entered the second phase of its widely publicized burger challenge advertising campaign with a new series of local TV spots and newspaper ads.

This time around, Burger King is zeroing in on McDonald's, the leading fast feeder and Burger King's chief rival in the hamburger segment. Burger King also conducted a two-day, buy-one-get-one-free offer to customers who placed their orders with the phrase, "The Whopper beat the Big Mac."

The new ads first appeared Oct. 20 on 400 stations in 176 markets. Full-page newspaper ads ran concurrently. They repeated the general theme of the overall campaign—that in nationwide taste tests consumers preferred the Whopper to the Big Mac and a similarly garnished Wendy's burger.

Both McDonald's and Wendy's have sued Burger King for "false and misleading advertising." Wendy's is seeking $25 million in punitive damages. A Miami judge denied McDonald's request for a temporary restraining order to bar the ads but scheduled a hearing on the lawsuit for this month. No hearing date has been set for Wendy's lawsuit.

Meanwhile, spokesmen for each of the three chains denied a report published in another trade newspaper that sales were up in the first two weeks of October as a direct result of publicity surrounding the Burger King ads.

"We have not released any sales figures," a McDonald's spokesman said. "We can't confirm what we don't know." Wendy's sales "have been up all year," a spokesman for the Dublin, Ohio-based chain said. "To associate that with the Burger

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**James Near (left), who developed the Sisters concept and is now president and chief operating officer of the division, with Robert L. Barney, Wendy's chairman and chief executive officer.**

*Wendy's completes fine tuning*

## Sisters set for national exposure

By Roman Czajkowsky

DUBLIN, Ohio—Wendy's decision to open Sisters fried chicken restaurants nationwide has come earlier than many industry observers expected. But after test marketing the concept for nearly three years and with 21 units already operating, the company is apparently anxious to get a quick foothold in a market segment that of late has been getting increasingly crowded with newcomers.

The plan to franchise Sisters Chicken & Biscuits units, announced last month, also comes hard on the heels of a modification of the original design.

Wendy's has reduced individual capitalization—cost of land, building and equipment—from $600,000 to less than $500,000 by cutting the size of the building from its original 3,000 sq. ft. to 2,100 sq. ft. The cost reduction, coupled with current average store sales of about $850,000, could well prove a carrot for potential franchisees.

But if the fast-food industry's history is any yardstick, Wendy's will be battling the odds in trying to build Sisters into a major chain. Generally, fast feeders have not had great success in starting a diversified concept of their own. McDonald's unsuccessfully tried Ramond's steakhouses and Jane Dobbins pie shops in the 60's. Pizza Hut started up Flaming Steer burgers and later Taco Kid, only to abandon the projects; more recently, Chart House went nowhere with its Sea Shack fish and chips.

*(Continued on page 128)*

### LATE NEWSBREAKS

**Michael Miles, 42, who was instrumental in leading KFC's turnaround a few years ago, has resigned as Heublein senior vice president for KFC and the grocery products group to take an executive post with "another major company." Richard Mayer continues as KFC chairman and ceo.**

**UAL, the holding company for United Airlines that also owns Westin Hotels, reported a dramatic gain in net earnings for the third quarter ended recently, to $102.4 million compared to $7.2 million for the same period last year. Trans World Corp., which also has extensive food-service holdings through Hilton Hotels and Spartan Foods, also reported a profit gain for the quarter, a 17.8% increase to $87.2 million.**

**Sambo's has applied to the Chapter XI reorganization court for approval of a loan which would enable it to convert a number of its restaurants to its new Season's and Pleaser's.**

# Judgment day set in Chock Full o'Nuts war

By Rurick Telberg

NEW YORK—The first of December is Judgment Day for Chock Full o'Nuts and a group of investors that is seeking control of the coffeemaker and coffee shop chain.

That is the day of the annual shareholders meeting when proxies will be counted telling 80-year-old William Black whether the company he founded in 1932 is still his or belongs to a group headed by financier Jerry Finkelstein.

"One percentage point in a case like this can mean the difference," said Howard Leitner, vice president and chief financial officer for Chock Full o'Nuts.

The company operates 23 coffee shops in New York and 11 Beef Corral steakhouses in Cleveland, but 80% of its sales and earnings come from its coffee roasting and distribution business and its cake-baking line.

At the most recent tally last month, the Finkelstein group claimed to have cornered 823,000 shares, or 17% of the company's voting stock. Chairman Black was said to control 30% of the stock, 6% of that through a daughter.

Meanwhile Finkelstein proposed a slate of 15 names for election to the board, including food-service industry notables Donald G. Thomson, chairman and chief executive of People's restaurants, a Bonanza budget steakhouse spinoff, Virgil Gladieux, whose contract feeding firm bears his name, and Lawrence Wechsler of the coffee company.

The booty luring the takeover group appears to be allegedly undervalued real estate holdings, much of which is located in Manhattan.

Lawsuits between the two camps have flown fast and furious concerning the date of the annual meeting, charges of coercing shareholders, and, recently, charges of "secret" groups.

The saga begins at least two years ago, though some say battle lines between the two armies were drawn years before.

In the latest lawsuit, Finkelstein, who with one of his sons publishes the New York *Law Journal*, charges Black formed a "secret" group shortly after Black learned two years ago that the Finkelsteins were try-

*(Continued on page 127)*

*Burger King joins the Navy*

# Opens first military fast-feeder

By Roman Czajkowsky

HONOLULU—Hungry for a piece of the still largely untapped institutional market, Burger King has opened a restaurant in the Navy Exchange at the U.S. Naval Base at Pearl Harbor, Hawaii.

The Burger King is the first fast-food restaurant at any United States military installation.

It's also the first of what the burger chain hopes will be a whole slew of such units at the 667 United States PXs and commissaries, where food sales last year totaled $308 million, said Timothy Johnson, director of the chain's institutional development arm. "The armed forces food-service market is an area of enormous potential for the fast-food industry," Johnson said, adding that PXs alone have a potential customer base of more than nine million people.

The Pearl Harbor store is owned by the Navy, and the Navy Exchange System has contracted with BK Hawaii franchisees Robert Pulley and John Finney to operate it. Pulley and Finney, who own 12 other Burger Kings on the islands, were awarded the contract in competitive bidding.

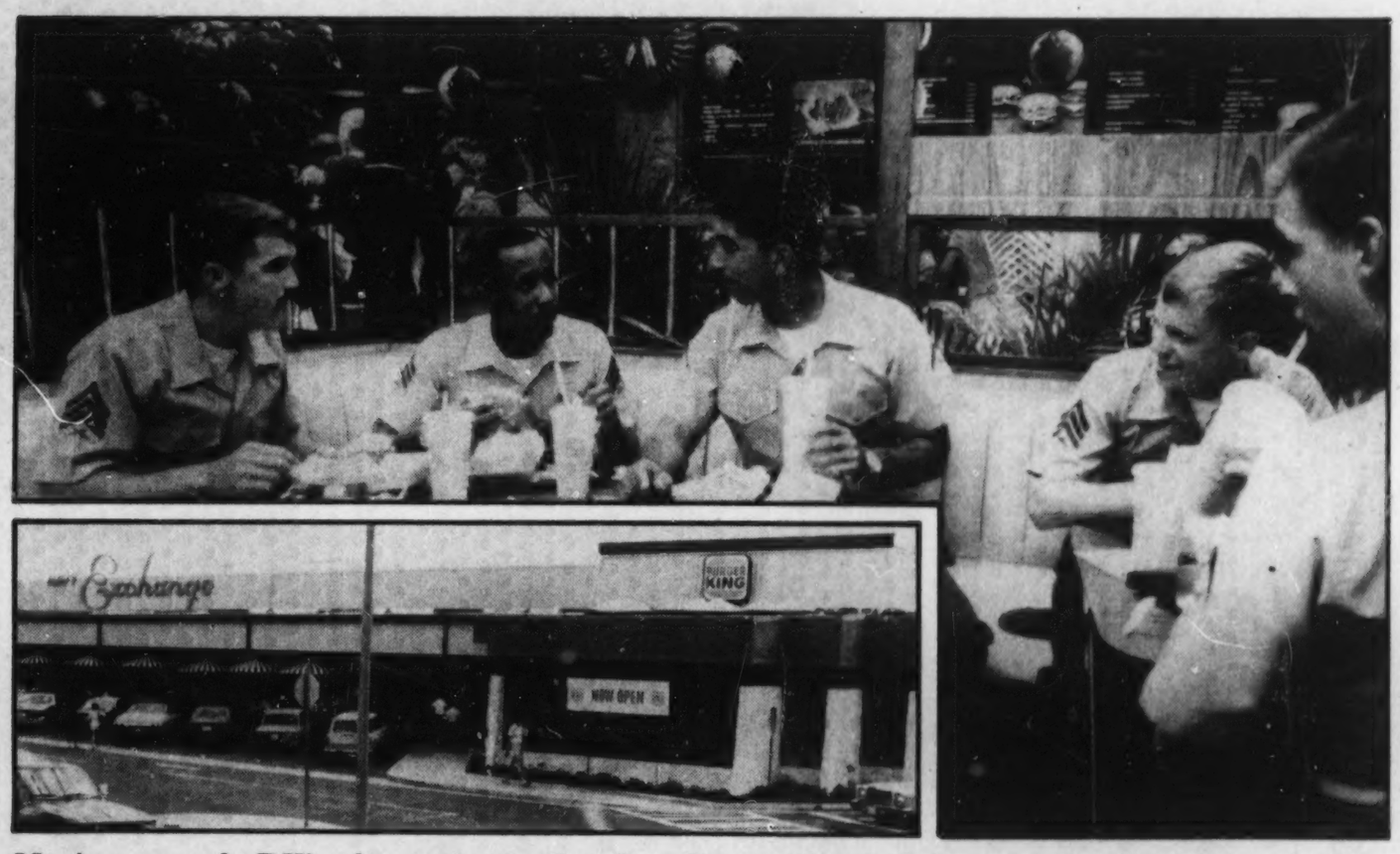
The new restaurant, which has regular BK signage and drive-thru service, will be staffed mostly by military dependents, and will offer a 10% discount to military personnel.

The new venture is but one of several institutional targets Burger King has identified. For example, this summer the Pillsbury subsidiary signed an agreement with Truckstops of America Inc. to jointly develop Burger Kings in truckstops across the country. The company has 33 truck stops, and the first Burger King developed under that program is now operating in Nashville.

In an interview, Johnson also said his division would seek to bring Burger Kings into colleges, win turnpike contracts, and set up shop at special events, as it did at the Canadian National Exposition in Toronto.

While Burger King is the first fast feeder to crack the military market, at least two other chains—Hardee's and McDonald's—have been operating on college campuses for some time. Hardee's, for example, now has about 20 such operations. And McDonald's has also been going after "captive audiences" at zoos and airports, among others.

All this institutional activity might be one sign that the traditional domestic hamburger market is getting saturated. And at least some analysts, pointing out that there's only so much demand for burgers, doubt the institutional sector will ever contribute significantly to a particular chain's overall sales.




**Marines sample BK's alternative to the chow line at the chain's new store (inset), part of the three-acre Navy Exchange at the U.S. Naval Base at Pearl Harbor.**

# Sales up despite weak economy

COLONIA, N.J.—Restaurant sales gains for major chains slowed in September, but were still impressive, in light of the sluggish performance of the economy overall.

This was the view taken in the most recent issue of *Restaurant Industry Trends*, published here by Carl DeBiase. The publication tracks month-to-month changes in store sales and menu prices of 17 major chains.

According to *Restaurant Industry Trends*, nominal sales for the 17 chains rose 6.1% in September, compared to 6.7% in August and 7.6% in July.

Menu prices in September rose an average of 3.6% for the 17, vs. 3.5% in August.

Among chains followed by the DeBiase publication, the biggest sales gains for the month of September were registered by Jack-in-the-Box, with store sales 20% over last September's levels; Hardee's, 13% ahead, and Friendly Ice Cream, up 9%. McDonald's, Pizza Hut, Taco Bell and Wendy's were all credited by the report with 7% nominal sales gains.

At the other end, Church's sales were up 1%, but Church's prices were up 2%. Sambo's sales were up 1%, but Sambo's prices were up 4%, for a 3% real sales decline. Likewise, while Long John Silver store sales were up 2%, menu prices were up 4%, leaving LJS, also, with a real sales dropoff.

The DeBiase report noted that U.S. Government data for all eating and drinking places indicated a 10.6% sales jump in September over year earlier figures. The Government had reported a 9.3% EDP rise in August and 10.6% in July.

Most major chains, the report said, are posting menu prices 3%-4% over year ago levels. For the industry as a whole, prices are up about 5%.

The report postulated that a general economic recovery would begin before year-end and that the recent flattening of month-to-month restaurant sales gains would last only until then.

Stable food costs, absence of a forthcoming minimum wage hike, and a low rate of menu inflation were all cited in the report as reasons for "intermediate term confidence in restaurant sales."

COMMODITIES

## Beef prices down; Calif. tomato crop survives

Two good pieces of news as *NRN* goes to press. Beef prices are down and holding at about last year's levels, with the U.S. Department of Agriculture reporting about 22% more cattle in feedlots in August—the last month for which statistics are available—meaning there should be large supplies of cattle through the end of the year. And the California rain which did so much damage to raisins and wine grapes didn't damage as much of the tomato crop as originally feared; 600,000 tons, or about 9%-10% of the total crop, were destroyed. Canners are expected to process about 6.2 million tons, or only 200,000 tons below original U.S.D.A. estimates before the rains came.

The beef picture presents conflicting appearances from month to month. While cattle raisers ship more cattle to the feedlots, there is little increase in the overall size of herds, meaning tight supplies and high prices for the future. However, at this time the influence of other protein sources, such as chickens, lamb and even continually high-priced pork, are attracting consumers. Some observers expect an increased demand for beef as the prices stay at 1981 levels, which will soon drain the supply lines and push the prices back up again. The yo-yo effect will continue in the face of tight supplies after the current fed cattle are depleted.

### Rains Ruin 50% of Grape Crop

The combination of late September rainy weather, combined with warm temperatures provided an ideal condition for mold to attack the California grape crop. Both wine and raisin grapes were affected, with estimates of 50% or higher losses.

Originally, California agricultural department analysts forecast a raisin crop of 270,000 to 300,000 tons, but that estimate has now been revised downward to only 130,000 to 150,000 tons, about 52% of the original crop lost. With a fairly high carryover from the bumper crop last year, however, there should be adequate although not surplus raisins for the coming year, with prices rising about 10%-20%. Carryover will bring the total stocks available to 215,000 to 220,000 tons, including reserves.

Rains also damaged the almond crop, with staining occurring, thus lowering the quality of the nuts. The damage is confined to the shell surfaces, with most of the shelled nutmeats coming through unscathed. A larger share than usual will be diverted to shelled nuts this year.

### Grain Outlook for Bumper Crop

The United States is sitting on more than 100 million tons of surplus grains, with other western hemisphere countries also expecting bumper crops. Canada, despite an unseasonable August frost which damaged part of its northern crops, is expecting a bumper harvest of corn, wheat and oilseeds. Argentina is also expecting a bumper output of grain, primarily wheat, this next season.

At the same time, the Russians are becoming more choosey about their grain purchases. President Reagan, who refused to give the Russians a long-term pact for grain purchases here, merely extended the existing agreement for one more year—at

*(Continued on page 127)*

## PRICE MOVEMENT AT A GLANCE

| | Oct. 15 1981 | Sept. 15 1982 | Oct. 15 1982 |
|---|---|---|---|
| Apricots, Choice, unpeeled halves, HS (6/10) | $19.00 | $20.50 | $20.50 |
| Beans, green, canned, Fancy cut 4s, NW (6/10) | $ 9.85 | $ 9.50 | $ 9.00 |
| Beans, pinto, dry, Colorado (cwt.) | $22.00 | $14.50 | $16.00-16.25 |
| Beef, Choice, 700-900 lb., Midwest (lb.) | $ 0.965 | $ 0.97 | $ 0.96 |
| Broilers, Grade A, Icepack, NYC (lb.) | $ 0.4796 | $ 0.4755 | $ 0.4548 |
| Eggs, Grade A, large white, Chicago (doz.) | $ 0.7075 | $ 0.635-0.64 | $ 0.665-0.67 |
| Lettuce, Iceberg, Calif. (24s) | $ 4.00-5.00 | $ 3.00-3.50 | $ 3.50-4.00 |
| Pork loins, Choice, 14-17 lb., Midwest (lb.) | $ 0.96 | $ 1.215 | $ 1.15 |
| Potatoes, frozen, Extra Fancy longs, Idaho (lb.) | $ 0.32-0.33 | $ 0.30 | $ 0.33 |
| Potatoes, round white (50 lb.) | $ 3.35 | $ 2.375-2.50 | $ 2.25-2.375 |

Source: NRN Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# FINANCIAL NEWS

## Denny's net climbs 13% for first quarter

LA MIRADA, Calif.—Denny's Inc. has posted a 13% increase in net income to $12.1 million for the first quarter of fiscal 1982 ended Sept. 30. Revenues for the comparable quarter were up 12% to $269.3 million vs. $241.3 million a year ago.

Operating income for the quarter was up 13.6% to $21 million. Operating margins in the Denny's restaurant division rose from 8.0% to 8.1%; in the Winchell's Donut House division they were up from 6.1% to 6.7%.

According to company president Vern O. Curtis, declining income from interest during the quarter resulted in $158,000 in expenses not allocated to divisions, compared to a credit of $1,360,000 in last year's first quarter. Interest income was $4.3 million during the first quarter last year, as opposed to $2.9 million this year.

Curtis reported that average sales of company-operated domestic restaurants for the first quarter were $246,000, compared to $236,000 a year ago, up 4.2%. The increase is due solely to higher menu prices, he said.

Average sales per unit in the doughnut operations were $47,000 up 7% from last year's first quarter—also due to higher prices.

During the first quarter the company opened 12 new Denny's units and one new Winchell's outlet.

## Ramada unveils restructured debt plan

LAWRENCEVILLE, N.J.—Ramada Inns said last month it was completing a debt restructuring plan which will carry an interest rate of 110% of prime for Ramada'a $110 million loan on its Atlantic City, N.J., casino-hotel.

The new debt plan was disclosed in hearings here on Phoenix-based Ramada's bid for a gaming license.

A separate three-year revolving credit agreement gives Ramada a $90 million credit line, $40 million of which can be used for seasonal working capital needs.

Ramada's previous arrangement with lenders required the payment of $70 million in principal on January 1984. The revised deal spreads out the payments.

In addition, Thomas Martin, Ramada chief financial officer, also told the state authorities Ramada planned to accelerate its program of selling properties around the nation to improve its financial position.

Ramada lost $12.7 million in the first half of this year and executives said the company is headed for its second straight money-losing year.

## Piccadilly reports drop in net earnings

BATON ROUGE, La.—Piccadilly Cafeterias reported for the first quarter ended Sept. 30 that net profits declined 5% to $1.97 million and sales rose 9% to $37.9 million, compared to the year-ago quarter.

The company increased its pool for hospitalization and pensions and is being taxed at a 43.5% rate, compared to 40% last year, causing the profit decline, according to James Bennet, chief financial officer.

Of three new cafeterias planned this year, the company opened the first in Asheville, N.C.

## Food-service chain stock analysis table

| Name | Symbol | STOCK PRICE: Two Weeks Ended Oct. 22 High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | TREND TO MARKET: Price Trend (% per day) Last 30 Days | Price Trend (% per day) Last 5 Days | Volume Trend (% per day) Last 30 Days | Volume Trend (% per day) Last 5 Days | EARNINGS/SHARE: Last Fiscal Year | Latest 12 Months vs Preceding 12 Months Change Amt. | Latest 12 Months vs Preceding 12 Months Change Pct. | 5-Year Annual Growth Rate | Profit Margin | P/E: Latest P/E Ratio | DIVIDENDS: Indicated Dvd. Rate Amt. | Indicated Dvd. Rate Yield | Last X-Dvd. Date | FINANCIAL POSITION: Last Fiscal Year Revenue | Last Fiscal Year Earnings | Current Ratio | Last Fiscal Year (Per Share) Long Term Debt | Last Fiscal Year (Per Share) Common Stock Equity | Last Balance Sheet Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Aca Los A Res | ALAR | 6.13 | 5.63 | 6.13 | .50 | 8.89 | 7.50 | 3.50 | -.48 | 1.76 | -3.86 | 25.37 | .47 | -.43 N | -95.5 | -25.0 | 4.3 | 306.3 | .00 | .0 | 01-06-81 | 27.7 | 1.2 | 2.4 | 5.69 | 2.90 | 1081 |
| Am Motor Inns | INN | 24.50 | 20.25 | 24.25 | 2.00 | 8.99 | 24.50 | 12.00 | .25 | 1.73 | 1.15 | 21.57 | 2.17 | .44 F | 25.4 | 35.0 | 7.0 | 11.2 | .22 | .9 | 08-10-82 | 142.3 | 8.9 | 1.5 | 15.62 | 10.87 | 0781 |
| ARA Services | ARA | 36.00 | 33.88 | 35.38 | 1.25 | 3.66 | 36.00 | 23.50 | -.25 | .21 | -2.59 | 36.71 | 4.00 | -1.28 N | -27.0 | -2.0 | 1.5 | 10.2 | 2.00 | 5.7 | 08-26-82 | 2915.9 | 45.1 | 1.2 | 21.04 | 44.21 | 0981 |
| Assoc Hosts | AHST | 5.75 | 5.50 | 5.50 | -.25 | -4.35 | 6.50 | 4.88 | -.57 | -.39 | 3.54 | -26.59 | .66 | -.01 N | -1.5 | -10.0 | 2.6 | 8.7 | .12 | 2.2 | 09-07-82 | 79.9 | 2.1 | 1.5 | 6.40 | 7.04 | 0981 |
| Beefstk Char | BSCC | 5.25 | 4.88 | 4.88 | -.38 | -7.14 | 6.50 | 2.88 | -1.00 | -1.01 | -4.74 | 8.93 | .62 | .16 N | 25.3 | 33.0 | 2.4 | 6.2 | .00 | .0 | 00-00-00 | 86.2 | 2.1 | 1.2 | 1.49 | 3.09 | 1081 |
| Bob Evans Farms | BOBE | 27.25 | 25.50 | 27.25 | 2.00 | 7.92 | 27.25 | 17.94 | -.28 | .43 | -1.51 | 15.05 | 1.45 | .20 Q | 16.0 | 24.0 | 7.9 | 18.8 | .36 | 1.3 | 08-16-82 | 173.4 | 13.7 | 1.7 | .00 | 6.90 | 0482 |
| Bonanza Intl Inc | BNZA | 1.94 | 1.88 | 1.94 | .06 | 3.33 | 2.38 | 1.06 | -.33 | .00 | -1.10 | 2.58 | -3.33 | -2.56 S | NE | -65.0 | -61.8 | NE | .00 | .0 | 00-00-00 | 24.1 | 14.9 | 1.2 | 11.24 | 1.50 | 1281 |
| Brock Hotel Cp | BHC | 13.38 | 9.00 | 9.38 | -3.13 | -25.00 | 17.50 | 9.00 | -1.17 | -3.72 | 7.02 | 66.61 | .59 | .40 S | 129.0 | 24.0 | 4.3 | 13.2 | .10 | 1.1 | 09-27-82 | 165.1 | 7.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 11.75 | 10.50 | 11.50 | 1.00 | 9.52 | 11.75 | 7.16 | .62 | 1.12 | -1.54 | 2.97 | 1.11 | .13 S | 13.4 | 6.0 | 3.2 | 10.5 | .12 | 1.0 | 11-24-82 | 37.0 | 1.2 | .6 | 1.51 | 2.27 | 0282 |
| Carrols Develop | CRL | 9.00 | 7.13 | 8.25 | .75 | 10.00 | 9.00 | 4.13 | .58 | 1.64 | 1.50 | -11.51 | .66 | .27 F | 69.2 | 44.0 | 1.9 | 12.5 | .09 | 1.1 | 12-24-81 | 68.6 | 1.3 | .6 | 9.82 | 5.99 | 0582 |
| Chart House | CHHO | 26.50 | 22.50 | 26.50 | 3.50 | 15.22 | 26.50 | 15.88 | -.30 | 2.84 | -4.80 | 18.95 | 2.03 | .23 S | 12.4 | 14.0 | 5.0 | 12.7 | .60 | 2.3 | 09-24-82 | 353.9 | 17.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 25.13 | 21.63 | 24.88 | 1.88 | 8.15 | 25.13 | 11.09 | .30 | 1.72 | -.92 | -9.31 | .55 | .22 Q | 55.0 | 26.0 | 11.1 | 40.1 | .00 | .0 | 06-28-82 | 14.9 | 2.1 | 3.1 | 1.10 | 1.23 | 0481 |
| Ch Full O Nut | CHF | 17.38 | 14.63 | 14.88 | -2.38 | -13.77 | 18.25 | 9.25 | -.66 | -2.10 | -.69 | .00 | .34 | -.32 F | -48.4 | 15.0 | 1.4 | 43.8 | .40 | 2.7 | 07-01-82 | 118.7 | 3.2 | 3.4 | .80 | 5.42 | 0781 |
| Churchs Fr Ch | CHU | 40.38 | 35.63 | 40.13 | 4.63 | 13.03 | 40.38 | 25.00 | .36 | .61 | -.85 | -31.56 | 3.52 | -.06 N | -1.7 | 16.0 | 10.8 | 11.7 | 1.00 | 2.5 | 10-25-82 | 412.1 | 44.6 | 1.9 | 1.02 | 15.25 | 1281 |
| Cindys Inc | CNDYC | 3.88 | 3.50 | 3.50 | -.25 | -6.67 | 3.88 | 2.63 | .06 | -1.75 | -1.90 | -8.47 | -.06 | 1.37 F | NE | NE | -.6 | NE | .00 | .0 | 00-00-00 | 17.0 | -.1 | .0 | 7.17 | .29 | 1281 |
| Collins Foods | CF | 19.25 | 17.38 | 18.63 | .88 | 4.93 | 19.25 | 8.53 | -.06 | .06 | -2.00 | 15.45 | 1.69 | .57 Q | 43.8 | 15.0 | 3.2 | 10.0 | .24 | 1.3 | 09-24-82 | 298.0 | 9.6 | 1.3 | 7.44 | 10.69 | 0482 |
| Consul Corp | CNSL | 8.75 | 8.38 | 8.75 | .13 | 1.45 | 8.75 | 5.25 | .01 | .29 | -2.75 | 12.39 | .00 | -.08 Q | -88.8 | NE | .0 | 875.0 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 15.50 | 13.25 | 15.00 | 1.50 | 11.11 | 15.50 | 7.25 | .80 | 2.12 | 1.53 | -.31 | 1.03 | 1.03 F | NC | 19.0 | 3.7 | 14.6 | .00 | .0 | 00-00-00 | 28.5 | .9 | 1.0 | 5.41 | 2.74 | 0781 |
| Dennys Inc | DEN | 31.75 | 28.50 | 31.00 | -.50 | -1.59 | 31.75 | 17.50 | -.33 | .99 | 3.11 | 26.38 | 2.47 | .40 Q | 18.6 | 9.0 | 3.9 | 12.2 | .64 | 2.1 | 09-03-82 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 24.63 | 23.00 | 24.25 | .38 | 1.57 | 24.63 | 11.13 | .47 | -.01 | -1.72 | -39.62 | 1.82 | .25 N | 14.0 | 19.0 | 8.3 | 11.9 | .36 | 1.5 | 08-09-82 | 68.7 | 5.7 | 1.3 | 11.44 | 10.61 | 1081 |
| Frischs | FRS | 11.75 | 10.13 | 11.50 | 1.38 | 13.58 | 11.75 | 6.97 | -.28 | 1.07 | 2.95 | -18.23 | 1.87 | .11 Q | 6.5 | 16.0 | 3.8 | 6.5 | .40 | 3.5 | 09-29-82 | 101.0 | 3.8 | 1.5 | 6.48 | 14.12 | 0582 |
| Hamburg Hamlet | HAMB | 6.00 | 6.00 | 6.00 | .25 | 4.35 | 8.25 | 5.00 | -.29 | -.53 | 8.84 | .00 | 1.35 | .60 Q | 111.1 | -9.0 | 3.2 | 5.3 | .00 | .0 | 00-00-00 | 31.6 | 1.0 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.88 | 1.75 | 1.88 | .13 | 7.14 | 4.38 | 1.38 | -.34 | -.56 | 3.70 | -17.72 | -2.22 | -5.08 N | -336.8 | -63.0 | -11.4 | NE | .00 | .0 | 00-00-00 | 30.6 | -3.5 | 1.4 | 18.38 | 8.12 | 0981 |
| Hilton Hotels | HLT | 43.00 | 38.88 | 42.63 | 1.88 | 4.60 | 43.00 | 27.63 | -.18 | 1.38 | .13 | 2.41 | 4.22 | -.65 N | -15.7 | 20.0 | 20.9 | 12.3 | 1.80 | 4.2 | 08-30-82 | 539.3 | 112.6 | 2.0 | 4.48 | 19.98 | 1281 |
| Holiday Inns | HIA | 37.50 | 22.63 | 37.25 | .13 | .34 | 37.50 | 22.63 | -.25 | .69 | -1.74 | 7.89 | 3.66 | 1.20 S | 47.8 | 25.0 | 7.8 | 10.0 | .80 | 2.1 | 09-13-82 | 1765.1 | 137.4 | .8 | 20.99 | 25.33 | 1281 |
| Holiday Inns A | HIA A | 52.88 | 52.88 | 52.88 | -2.13 | -3.86 | 55.13 | 36.00 | -.27 | -1.62 | -7.93 | .00 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 21.63 | 18.13 | 20.25 | 1.25 | 6.58 | 21.63 | 7.84 | -.02 | .55 | -.30 | -43.87 | .95 | .07 S | 8.5 | 30.0 | 2.7 | 22.8 | .00 | .0 | 09-27-82 | 166.1 | 4.5 | 1.7 | 11.45 | 6.30 | 1281 |
| Hungry Tiger | HTIG | 10.50 | 9.75 | 10.50 | 1.00 | 10.53 | 10.50 | 6.00 | -.22 | -.17 | -1.79 | -23.35 | 1.17 | .17 F | 17.0 | 42.0 | 3.8 | 9.0 | .00 | .0 | 08-24-81 | 49.9 | 1.6 | .8 | 5.84 | 4.09 | 0881 |
| Imperial Grp | IMT | 2.00 | 1.75 | 1.94 | .13 | 6.90 | 2.00 | 1.13 | .00 | -.36 | 1.22 | -25.00 | .24 | .00 F | .0 | 2.0 | 2.0 | 8.1 | .14 | 7.2 | 09-28-82 | 8462.9 | 171.0 | 1.1 | .65 | 2.08 | 1081 |
| Intl Dairy Queen | INDQ | 21.50 | 18.00 | 21.50 | 4.00 | 22.86 | 21.50 | 9.25 | .35 | 2.39 | 3.02 | 25.47 | 1.72 | .44 N | 27.1 | 38.0 | 6.1 | 10.4 | .00 | .0 | 00-00-00 | 91.3 | 5.6 | 1.1 | 9.68 | 5.82 | 1181 |
| Int King Tab | IKNG | 5.50 | 5.25 | 5.38 | .13 | 2.38 | 5.50 | 1.75 | -.56 | .33 | -4.37 | -16.47 | .33 | .98 F | NE | -33.0 | 1.4 | 16.3 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 8.88 | 8.00 | 8.75 | 1.38 | 18.64 | 8.88 | 2.88 | .28 | 1.99 | 1.44 | 1.58 | .63 | .29 N | 53.7 | 1.0 | 3.0 | 10.5 | .16 | 1.8 | 08-09-82 | 36.4 | 1.1 | .9 | 5.18 | 5.01 | 0981 |
| Jerrico Inc | JERR | 25.88 | 23.63 | 25.88 | 2.38 | 10.11 | 25.88 | 15.63 | -.14 | 1.14 | .43 | 18.89 | 1.75 | .07 F | 4.1 | 20.0 | 5.1 | 14.8 | .12 | .5 | 05-10-82 | 425.5 | 21.8 | .9 | 3.64 | 11.24 | 0682 |
| Kapok Tr Inns | KTI | 3.50 | 3.25 | 3.25 | -.25 | -7.14 | 4.50 | 3.00 | -.27 | -.97 | 3.38 | -58.62 | -.24 | -.17 N | NE | -31.0 | -2.9 | NE | .00 | .0 | 00-00-00 | 13.8 | -.4 | 3.1 | 1.93 | 5.84 | 0981 |
| Kelly Johnston | KEJO | 16.13 | 14.75 | 15.38 | .88 | 6.03 | 16.13 | 8.84 | .38 | -1.42 | -2.62 | -11.92 | .59 | .18 Q | 42.8 | 115.0 | 8.4 | 25.6 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 18.63 | 17.88 | 18.00 | .25 | 1.41 | 18.63 | 8.88 | .25 | -1.53 | .27 | 2.22 | 1.51 | 1.69 S | NC | 16.0 | 3.4 | 10.7 | .00 | .0 | 00-00-00 | 200.6 | 6.9 | 1.9 | 6.43 | 8.34 | 0182 |
| Lubys Cafe | LUB | 32.75 | 30.63 | 31.50 | 1.25 | 4.13 | 32.75 | 24.50 | .21 | -.54 | 1.18 | -39.05 | 1.69 | .24 F | 16.5 | 23.0 | 9.0 | 18.6 | .60 | 1.9 | 12-13-82 | 108.2 | 9.8 | 1.1 | .90 | 5.98 | 0881 |
| Marcus Corp | MRCS | 7.25 | 7.25 | 7.25 | .13 | 1.75 | 7.25 | 5.00 | -.41 | -.44 | 1.41 | -4.35 | 1.13 | -.03 Q | -2.5 | 4.0 | 5.7 | 6.4 | .00 | .0 | 08-24-81 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 51.75 | 47.25 | 51.75 | 1.75 | 3.50 | 51.75 | 32.00 | -.10 | 1.57 | -2.79 | 18.76 | 3.20 | .30 N | 9.8 | 29.0 | 4.3 | 15.4 | .30 | .6 | 09-20-82 | 2000.3 | 86.1 | .9 | 23.23 | 16.12 | 1281 |
| McDonalds Cp | MCD | 62.25 | 56.75 | 59.75 | -.50 | -.83 | 62.25 | 38.69 | -.24 | .38 | 1.35 | -26.38 | 4.36 | .62 S | 15.3 | 18.0 | 10.7 | 12.8 | .88 | 1.5 | 10-15-82 | 2477.2 | 264.8 | .5 | 15.35 | 22.73 | 1281 |
| Morrison Inc | MORR | 15.38 | 13.50 | 15.38 | 1.13 | 7.89 | 15.38 | 8.13 | .27 | 2.68 | 1.84 | 22.93 | 1.16 | .28 Q | 29.1 | 8.0 | 4.1 | 12.4 | .36 | 2.3 | 10-08-82 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 2.75 | 2.38 | 2.75 | .38 | 15.79 | 3.38 | 1.75 | .79 | 3.63 | -.56 | 38.64 | .22 | -.47 N | -293.7 | -23.0 | .5 | NE | .00 | .0 | 05-29-80 | 55.7 | .3 | 1.4 | 3.45 | 4.70 | 0981 |
| Nathans Famous | NATH | 1.13 | 1.06 | 1.06 | .00 | .00 | 1.78 | .59 | -.30 | -1.92 | 2.00 | -11.84 | .03 | .79 Q | NE | NE | .6 | 26.6 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Oakbrook Cons | OKCO | 14.00 | 13.50 | 14.00 | 1.00 | 7.69 | 14.00 | 9.00 | .95 | -.43 | 6.29 | -50.00 | 1.74 | -.83 N | -47.9 | 3.0 | 1.3 | 15.6 | .32 | 2.3 | 06-08-82 | 133.4 | 1.7 | .8 | 5.60 | 13.02 | 0981 |
| Orange-co | OJ | 5.88 | 5.13 | 5.25 | -.75 | -12.50 | 11.38 | 4.63 | -.81 | -1.90 | -3.54 | 4.96 | -.20 | -1.25 F | -119.0 | 22.0 | -.8 | NE | .20 | 3.8 | 02-22-82 | 76.2 | 4.1 | 1.9 | 10.24 | 7.21 | 0881 |
| Piccadilly Caf | PICC | 16.75 | 15.88 | 16.25 | .50 | 3.17 | 18.13 | 13.50 | -.30 | -.98 | -1.40 | -26.85 | 1.39 | .09 F | 6.9 | 14.0 | 5.9 | 11.7 | .56 | 3.4 | 09-09-82 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 6.38 | 5.50 | 5.88 | .50 | 9.30 | 7.25 | 4.50 | .07 | -1.18 | 3.68 | -4.09 | .50 | -.09 S | -15.2 | -7.0 | 1.0 | 11.8 | .00 | .0 | 00-00-00 | 133.5 | 1.4 | .9 | 12.94 | 6.65 | 1281 |
| Pizza Time Thea | CHKY | 18.25 | 15.25 | 17.50 | 2.00 | 12.90 | 32.50 | 14.25 | -1.71 | -1.31 | -4.78 | -13.64 | .58 | .78 N | 229.4 | 42.0 | 7.2 | 15.6 | .00 | .0 | 00-00-00 | 36.2 | 2.6 | 3.2 | .81 | 7.87 | 1281 |
| Ponderosa Sys | PON | 25.50 | 23.88 | 24.63 | 1.00 | 4.23 | 25.50 | 12.00 | .29 | -.13 | -2.11 | 5.70 | 2.01 | .95 S | 78.5 | -8.0 | 2.4 | 11.4 | .50 | 2.0 | 09-21-82 | 353.9 | 8.5 | 1.0 | 19.96 | 16.83 | 0282 |
| Ramada Inns | RAM | 6.25 | 4.63 | 5.75 | .88 | 17.95 | 7.38 | 4.25 | -.17 | -2.04 | 6.28 | -45.55 | .05 | -1.45 S | -198.6 | -29.0 | .4 | NE | .00 | .0 | 10-19-81 | 395.5 | 1.4 | .6 | 18.98 | 6.03 | 1281 |
| Restaur Assc | RA | 4.88 | 4.50 | 4.75 | .13 | 2.70 | 5.50 | 3.25 | .32 | -.59 | 1.38 | -10.33 | .97 | -.33 S | -32.3 | 46.0 | 2.4 | 6.9 | .00 | .0 | 00-00-00 | 99.2 | 2.4 | 1.3 | 3.17 | 6.38 | 1281 |
| Saga Corp | SGA | 35.38 | 32.75 | 35.38 | 2.50 | 7.60 | 35.38 | 16.75 | .17 | .43 | -1.14 | 9.85 | 3.35 | .90 Q | 34.8 | 40.0 | 1.9 | 10.2 | .56 | 1.6 | 08-16-82 | 901.0 | 16.8 | .9 | 8.51 | 17.72 | 0682 |
| Sea Galley | SEAG | 8.75 | 7.63 | 8.38 | 1.00 | 13.56 | 10.63 | 6.75 | -.71 | -.76 | .38 | 9.65 | .68 | -.08 S | -11.5 | 51.0 | 4.5 | 13.7 | .00 | .0 | 06-02-81 | 49.0 | 2.2 | 1.8 | 2.38 | 4.99 | 1281 |
| Servico Inc | SRVI | 10.50 | 9.50 | 9.75 | -.75 | -7.14 | 10.50 | 6.81 | .21 | -.94 | -3.32 | -1.28 | 1.54 | -.82 S | -41.8 | 74.0 | 3.5 | 8.6 | .00 | .0 | 07-09-82 | 126.4 | 4.4 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 24.13 | 22.75 | 24.13 | 2.00 | 9.04 | 24.13 | 12.63 | .30 | .25 | 1.62 | 14.51 | 1.03 | .25 N | 25.7 | 21.0 | 5.5 | 19.8 | .16 | .7 | 06-28-82 | 269.4 | 14.8 | 1.0 | 1.97 | 5.03 | 1081 |
| Skippers | SKIP | 6.75 | 6.25 | 6.50 | -.25 | -3.70 | 7.25 | 4.25 | -.70 | .66 | -2.14 | 14.13 | .73 | -.46 N | -46.0 | 4.0 | 3.0 | 12.0 | .08 | 1.2 | 10-18-82 | 33.7 | 1.0 | 1.2 | 3.45 | 6.07 | 1281 |
| Sonesta Hotel | SNSTZ | 13.50 | 13.50 | 13.50 | .00 | .00 | 14.00 | 8.50 | -.48 | -.42 | -11.38 | -8.33 | .94 | -.66 S | -37.0 | 43.0 | 1.4 | 12.1 | .20 | 1.5 | 06-25-82 | 145.0 | 2.1 | .9 | 27.74 | 10.01 | 1281 |
| So Hospitality | SHOS | 2.13 | 1.38 | 2.13 | .63 | 41.67 | 2.13 | 1.00 | -.42 | 4.83 | 7.37 | 26.92 | .14 | .16 Q | NC | 21.0 | 2.5 | 13.3 | .00 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 2.88 | 2.75 | 2.81 | -.06 | -2.17 | 3.00 | 2.50 | -.69 | -.26 | -5.83 | -21.83 | .06 | -.15 N | -62.5 | -32.0 | .5 | 31.3 | .00 | .0 | 05-17-79 | 56.5 | .3 | 1.2 | 4.60 | 2.60 | 0981 |
| Victoria Stations | VSTA | 5.88 | 5.00 | 5.88 | .00 | .00 | 11.00 | 5.00 | -1.22 | 4.42 | .09 | -1.78 | .35 | .58 S | NE | -38.0 | 1.0 | NE | .00 | .0 | 09-19-79 | 123.4 | 1.2 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 23.00 | 20.25 | 22.50 | 2.25 | 11.11 | 23.00 | 12.25 | .02 | 1.98 | -.26 | 32.25 | 1.52 | .14 S | 9.7 | 18.0 | 7.6 | 14.2 | .28 | 1.2 | 05-11-82 | 486.6 | 36.9 | .6 | 3.84 | 7.89 | 1281 |
| Webb Del E | WBB | 9.13 | 6.50 | 8.63 | 1.88 | 27.78 | 9.13 | 4.88 | .13 | 1.52 | 5.66 | -21.87 | .56 | .64 S | NE | -28.0 | 1.3 | 22.1 | .00 | .0 | 11-07-80 | 414.8 | 5.3 | 1.1 | 16.12 | 13.25 | 1281 |
| Winners Cp | WNER | 13.38 | 11.88 | 13.38 | 1.63 | 13.83 | 13.38 | 6.38 | .05 | .73 | -3.74 | 16.97 | .67 | .84 N | NC | 6.0 | 2.1 | 15.9 | .00 | .0 | 00-00-00 | 72.7 | 1.5 | .3 | 13.37 | 7.09 | 1281 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

# FINANCIAL NEWS

## Pizza Hut-Taco Bell profits up 26% in qtr.

PURCHASE, N.Y.—PepsiCo Inc. reported profits during the third quarter ended Sept. 4 for its food-service division—which includes Pizza Hut and Taco Bell—increased 26% over the comparable period last year.

Revenues for the third quarter increased 17% on 15% average store sales gains.

Volume per store, adjusted for menu price increases, grew 6%.

The company did not break down the results for its two fast-food chains, nor did it supply specific sales and profit figures for the division.

Sales and revenues for PepsiCo Inc. increased 9% during the quarter, to $1.9 billion. Net profits climbed 11% to $113 million.

Donald M. Kendall, PepsiCo chairman and chief executive officer, said, "Although the economic climate in this country continues to be unfavorable, our soft-drink, snack-food and food-service businesses have generated earnings growth to more than offset declines in key international markets. Economic conditions in many parts of the world continue to deteriorate and depress our international businesses."

### EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Marcus Corp. | 12 wks. | 8/19 | | | $ 27.881 | 0.8 | 2.257 | (0.9) |
| Cainy Inc. | 12 wks.<br>24 wks. | 8/15 | | | 7.202<br>13.746 | (38.0)<br>(30.0) | $370,661<br>$593,543 | (14.8)<br>(2.7) |
| Victoria Station Inc. | 12 wks.<br>12 wks. | 9/12 | $25.522<br>52.421 | (15)<br>(13) | | | (1.218)<br>(1.134) | |
| Luby's Cafeterias | 3 mos.<br>12 mos. | 8/31 | | | 35.026<br>129.233 | 14.0<br>17.0 | 3.357<br>11.588 | 21<br>18 |
| Ryan's Family Steaks | 13 wks.<br>9 mos. | 9/29 | | | 2.709<br>6.947 | 29.0<br>14.0 | $255,000<br>$662,000 | 50<br>39 |
| Frisch's Rests. | 16 wks. | 9/19 | | | 34.028 | 1.0 | 1.103 | (15) |
| Saga Corp. | 13 wks. | 9/25 | | | 206.482 | 6.0 | 2.792 | 6 |
| Hilton Hotels Corp. | 13 wks.<br>9 mos. | 9/30 | | | 151.746<br>468.502 | 2.0<br>3.0 | 19.317<br>64.598 | (26)<br>(22) |
| PepsiCo. | 13 wks. | 9/4 | 1.9B | 11 | | | 113.200 | 11 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

## *Third qtr. net hits $1M at Beefsteak Charlie's*

NEW YORK—Beefsteak Charlie's Inc., operator of 66 mostly steakhouse restaurants along the Eastern Seaboard, reported net income of $1 million for the third quarter ended Aug. 7, up nearly 10% from the prior year's comparable period.

Revenues for the 12 weeks were $23.3 million, up slightly from the prior year's $22.6 million.

For the nine months ended Aug. 7, net income was $3.8 million compared to $2.7 million a year ago. Revenues rose 15%, to $76 million, the company said.

Beefsteak Charlie's also said it has sold $16.5 million worth of convertible subordinated debentures, proceeds of which will be used to develop up to 13 franchised ShowBiz Pizza Places. The company recently signed a master licensing agreement with the franchisor and plans to build 103 ShowBiz restaurants over the next five years in New York, New Jersey, Connecticut, Pennsylvania, Maryland and Massachusetts. ShowBiz restaurants combine food operations with animated entertainment and electronic games.

## Pizza Ventures files stock offering to raise $6 million for debt repayment

WAYZATA, Minn.—Pizza Ventures, a 58-unit franchisee of Godfather's Pizza, last month filed a stock offering of 600,000 shares, through which it will try to raise about $6 million.

This was the second public stock offering for the four-year-old company. Approval from the Securities and Exchange Commission was expected late last month. The first offering, about one year ago, raised $2.05 million.

Alan S. McDowell, president of Pizza Ventures, which is based in this suburb of Minneapolis, said the cash from the new offering would be used primarily to pay off debts from the purchase in August of 38 Godfather's restaurants from several companies. The purchase cost Pizza Ventures $4.64 million.

Four million dollars from the stock sale would be used to pay off a $4 million bank loan, part of which was used for the purchase. Another $850,000 would be used to pay off some promissory notes arising from that sale. The remainder of the cash was earmarked for underwriting costs and the company's general fund. The underwriter is Allen & Company.

After these payments Pizza Ventures would still owe $1 million on the 38-unit purchase.

McDowell said he hoped to open 10 to 12 new Godfather's restaurants in the next year and upgrade some existing units.

Pizza Ventures' units are in Missouri, northern Florida, eastern Iowa and the Dallas-Fort Worth area. It has agreements with Godfather's Inc. to continue opening stores in those market areas. The 38 units purchased in August are mostly in Missouri.

According to Pizza Ventures' stock prospectus, those 38 restaurants had average weekly sales over a 34-week period ended Aug. 29 that were 21% below the average sales for the company's other 20 restaurants during the comparable period.

The prospectus said the company "intends to make investments in equipment, training and refurbishing in an attempt to increase sales."

For the year ended July 4, the 58 Godfather's now operated by Pizza Ventures had revenues of $24 million and net profits of $1.2 million.

Pizza Ventures was formed by McDowell in July 1978. Three months later it purchased six Godfather's units. Most of its locations are leased in shopping centers.

A principal shareholder in Pizza Ventures—holding about 15% of the stock before the latest offering—was Lewis E. Lehrman, who at presstime was the Republican candidate for governor of New York.

For the year ended Jan. 3, Pizza Ventures had sales of $7.48 million and net profits of $600,599.

Godfather's Inc., based in Omaha, Neb., has about 764 company-owned and franchised units.

## Calif. culinary unions probed

By Ken Rankin

WASHINGTON—Congressional investigators uncovered new evidence of corruption, election tampering and racketeering by top culinary union officials in California.

The latest charges surfaced during recent hearings by the Senate Permanent Investigations Subcommittee focusing on alleged abuses by restaurant union chieftains in San Jose and Oakland.

The strongest accusations were leveled at two California local union bosses who had been hand-picked by Hotel Employees and Restaurant Employees International president Edward Hanley:

- Ray Lane, the controversial ex-president of H.E.R.E.I.U.'s Local 28 in Oakland who was subsequently sentenced to a Federal prison term for embezzling union funds, and
- San Jose Local 19 president Frank Marolda, who is currently under indictment on charges of criminal obstruction of justice and conspiring to steal union funds.

Hanley, who assumed control of the International nine years ago in what Justice Department investigators called "a classic example of an organized crime takeover of a major labor union," promptly moved to seize control of the multimillion dollar pension funds which until then had been administered by the individual locals.

When a number of California restaurant union leaders resisted the International pension fund takeover, Hanley countered by merging several of these locals and appointing his own representatives to administer them, Labor Department investigator William Jones told the subcommittee.

Under the terms of the merger, both Lane and Marolda took control of the two new California locals without being elected by the membership.

In both cases the new locals suffered sharp drops in membership and severe financial problems.

Under Marolda, for example, the San Jose local's dues income dropped 25% between 1975 and 1981, officials at the subcommittee said. Other witnesses, including a number of former employees of Local 19, testified the union lost between 1,000 and 2,000 members during Marolda's tenure.

The union's Oakland local, meanwhile, suffered even greater setbacks under Lane.

Although "the total number of restaurant employees in the Oakland area grew by approximately 30%" during Lane's term as president, "the dues collected by Local 28 dropped by approximately 15%," chief Senate investigator David Faulkner maintained. "Between 1975 and 1980, the local's net worth plummeted from $476,000 to *minus* $1.4 million."

According to Senate officials, Lane took control of the Oakland local after he had "plundered" another California restaurant union, and "brought with him to the new local a criminal record, a tendency toward nepotism and an inclination to use the local's members and funds for his own improper purposes."

Even more ominously, Senate investigators linked Lane to various underworld figures, including "Trigger Abe" Chapman, whom Lane had met in San Quentin while serving a lengthy prison term for robbery during the early 1950's. Later, after both men had been released, Lane put Chapman on the union's payroll as an "insurance consultant."

Less than three years after taking office, Lane was indicted for labor racketeering, obstruction of justice and embezzling union funds. After pleading guilty to the embezzlement charges, he was sentenced to six months in prison and banned from further union activities.

Lane's unsuccessful attempt to avoid that conviction left Local 28 with $70,000 in legal fees which the current union administration claims were never authorized. The local is now suing Lane to recover this money along with another $1 million in damages.

But "the financial consequences of Lane's appointment by the International may well continue long after Lane has left the scene," subcommittee officials testified.

Shortly before Lane was expelled from office as a result of the embezzlement conviction, a separate California court "found that he had solicited young women members of Local 28 to become prostitutes, and indeed had conditioned their continuing employment on their receptiveness to such propositions," Faulkner told the Senate. "The response of the International, which had installed Lane initially, was not only to leave Lane in place but also—according to Lane himself—to guarantee to pay any damages awarded against him."

## *Hungry Tiger boosts third qtr. net by 18% to $2.1M*

LOS ANGELES—Hungry Tiger Inc. has boosted its net income for the fiscal year ended Sept. 3 by 18% to $2.1 million on sales of $55.9 million, up 12% from 1981. The company's pretax profits increased 20% over last year to $3.1 million.

Net earnings for 1981 have been restated to $1,754,000 to reflect a retroactive adjustment in purchase price of an acquired subsidiary.

In the 13-week fourth quarter of fiscal 1982, the 35-unit fresh seafood restaurant chain posted net income of $535,000 on sales of $13.9 million, compared to $461,000 on $12.1 million in last year's 12-week closing quarter. Pretax income for the comparative quarters was up 16% to $770,000 this year.

President and ceo Alan Redhead credited all the company's food-service operations as contributing to sales and earnings performance. Included in its operations are two Breakers Seafood Co. restaurants and two restaurants at the Los Angeles County Music Center. During the fourth quarter of 1982 the company opened its Hungry Tiger Fish Co. retail seafood market as an adjunct to its commissary in a suburb of Los Angeles.

Last month the company's board of directors approved a 3 for 2 stock split, effective for all shareholders of record at Oct. 25 and payable on Nov. 12.

**CLASSIFIED ADS GET RESULTS** *in* *Nation's Restaurant News*

# The bar is a profit center

With proper management, the alcoholic beverage department can reach its full profit potential.

In preparation for this Bar Management Supplement, *Nation's Restaurant News* conducted an in-depth telephone survey of 150 operations to examine the sales trends of spirits, wine and beer among independent and chain food-service operators. The survey, which contacted 100 independent operators with beverage licenses and 50 chain headquarters, examined the sales and profitability of hard liquor/mixed drinks, specialty drinks, wine and beer business. It sought to determine growth areas and opportunities, the merchandising and promotion of alcoholic beverages, and it looked at training and relationships with distributors. Many of those findings have been incorporated in this supplement.

**Wine: Greatest Growth Area**

Almost one-third of the sales of alcoholic beverages today are attributable to wine, which at 32.1% of sales of the respondents contacted, is exceeded only by hard liquor/mixed drinks. More than three-quarters of all independent and chain operators contacted reported that wine had increased in sales in the past two years.

The greatest growth elements were in-house wines and wine by the glass. Only four of the establishments reporting indicated there had been a decrease in their wine business. However, one trend which concerns some operators is that over half (54%) of the operators reporting an increase in wine business said it was cutting into their sales of other spirits.

While wine was on the increase in 79% of the operations surveyed, only 38% said their sales of specialty drinks had increased, 32% reported that sales of hard liquor/mixed drinks were up and 30% reported an increase in beer sales.

While the trend, particularly among younger customers, is toward "lighter" alcoholic beverages at and before meal times, an interest in "quality" wines is not nearly as pronounced. Nearly half of the operators reported their greatest beverage

growth item was house wines (45%), while about one-quarter (24%) said wine by the glass was the greatest growth area. Only 21% reported wine by the bottle was the one showing greatest growth, and 22% reported boutique or chateau wine—typically the interest of wine experts and wine "buffs"—in the greatest growth category.

Independents have apparently done the best job with wines, for 82% of them reported wine sales on the increase, while 72% of the chains said they had had the same results. In fact, 5% of the chains said that their wine sales had fallen, while only 2% of the independents had lowered wine sales.

**Hard Liquor/Mixed Drinks Up**

Hard liquor/mixed drinks is still the number one category in alcoholic beverage sales across the board sample in the survey. It accounts for 42.8% of the yearly alcoholic beverage sales for both chain and independent food-service operations combined, but chains had a bit larger share of sales in the hard liquor/mixed drink category, with 44.5%, compared to the 42% share of beverage sales among independents.

It is this category of drinks which bring in the most profit, according to both chains and independents. Rating profitability of hard liquor/mixed drinks on a scale of 1 (highest profitability) to 4 (least profitability), hard liquor received a 1.7 score, much higher than the next highest: a 2.4 for wine.

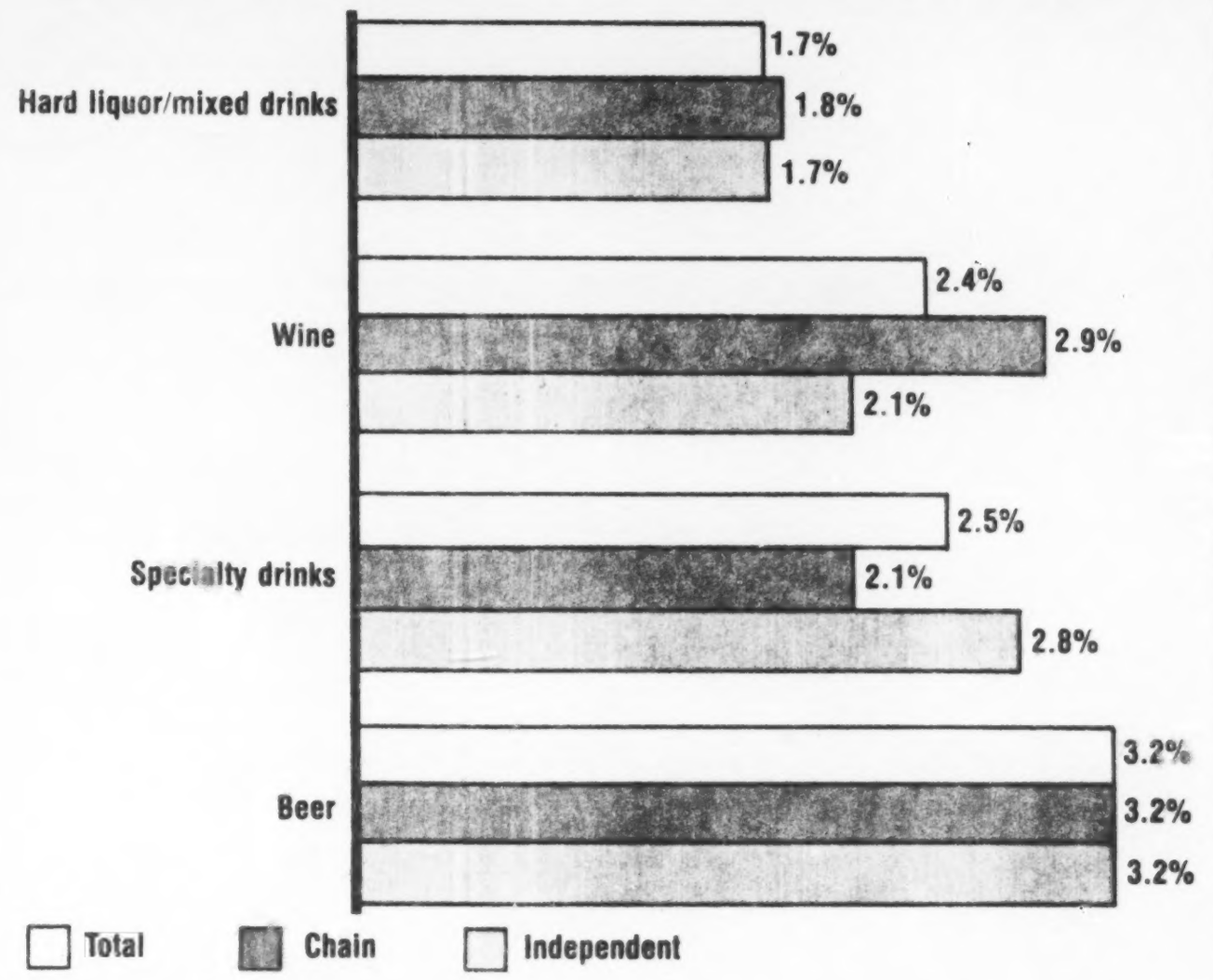
A major trend within the hard liquor/mixed drink area was the greater customer demand for vodka since 1980, with about 75% of both chains and independents reporting that increase, which led all other hard liquor rises. Rum was the runner-up with only 50% (66% of chains and 45% of independents) reporting an increased customer demand over the past two years.

Bourbon was the big loser, with 46% of the respondents (44% chains and 47% independents) indicating that there was less demand for that type of spirits than two years ago.

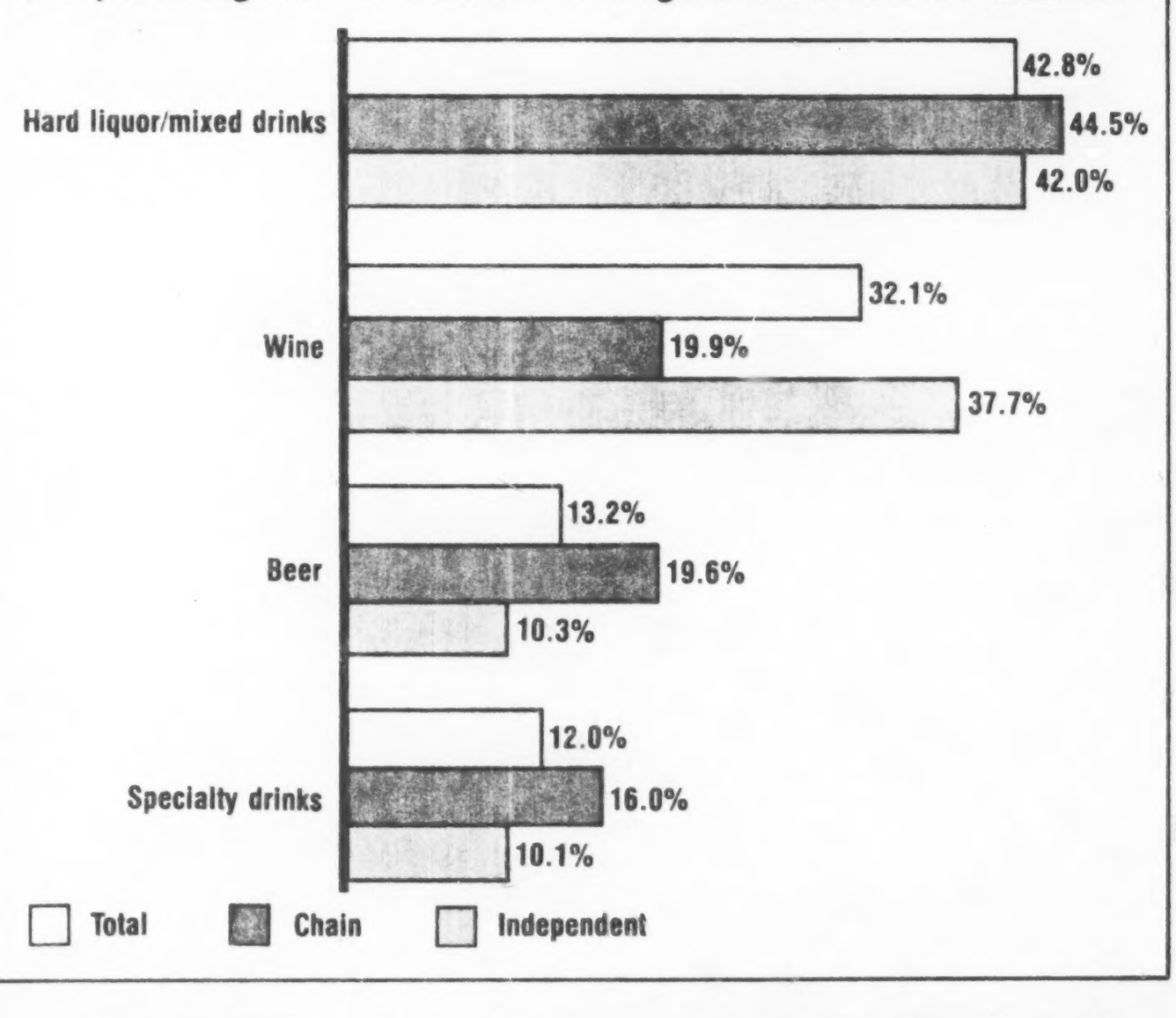
**Specialty Drinks Liked by Chains**

About 38% of the operators said that their specialty drink business had improved (44% of the chains and only 34% of the independents). But specialty drinks have a share of only 12% overall of the beverage sales. The chains show the biggest share, some 16%, but independents have only 10% of their business in specialty drinks.

***Mean ranking of profitability of selected alcoholic beverage categories***




***Mean percentage share of alcoholic beverage sales in bars and restaurants***




**Beer Sales Increases Are Smallest**

The share of the alcoholic beverage business taken by beer is only 13.2% overall, just ahead of specialty drinks. Chains, again, are the largest sellers of beer, indicating it takes a 19.6% share of their beverage sales. Independents, on the other hand, report only 10.3% of their alcoholic beverage sales in beer.

One of the reasons for this would seem to be that a number of the chain operations are geared to younger customers, where beer is a preferred

### *Customer demand for selected drink items*
*Current vs. two years ago**

| | More | Same | Less |
|---|---|---|---|
| House wine | 78% | 19% | 3% |
| Wine by the glass | 75 | 19 | 3 |
| Vodka | 75 | 20 | 5 |
| Wine by the bottle | 65 | 23 | 6 |
| Light beer | 59 | 23 | 2 |
| Premium beer | 53 | 32 | 1 |
| Boutique or chateau wine | 53 | 24 | 7 |
| Rum | 52 | 33 | 14 |
| Imported beer | 52 | 39 | 3 |
| Specialty drinks | 47 | 29 | 9 |
| Tequila | 41 | 39 | 18 |
| Cordials | 41 | 43 | 13 |
| Bottled beer | 41 | 45 | 7 |
| Wine by the carafe | 40 | 24 | 5 |
| Aperitifs and other light before dinner drinks | 31 | 50 | 17 |
| Boutique or chateau wine by the glass | 29 | 15 | 3 |
| Canadian and Irish whiskey | 26 | 59 | 13 |
| Gin | 25 | 46 | 27 |
| Domestic beer | 24 | 50 | 13 |
| Scotch | 23 | 49 | 28 |
| Draft beer | 15 | 27 | 8 |
| Bourbon | 9 | 44 | 46 |
| Rye | 5 | 45 | 44 |

*** Per cent of 150 operators surveyed reporting more, the same or less demand for a particular drink item.**

Source: *NRN* Alcoholic Beverage Trade Study

### *Greatest growth items**

| | Total | Chain | Independents |
|---|---|---|---|
| House wine | 45% | 46% | 45% |
| Wine by the glass | 24 | 30 | 21 |
| Boutique or chateau wine | 22 | 16 | 25 |
| Wine by the bottle | 21 | 14 | 25 |
| Vodka | 16 | 20 | 14 |
| Wine by the carafe | 14 | 12 | 15 |
| Boutique or chateau wine by the glass | 10 | 12 | 9 |
| Specialty drinks | 8 | 12 | 6 |
| Rum | 7 | 16 | 2 |
| Tequila | 5 | 14 | 1 |
| Imported beer | 5 | 14 | — |
| Light beer | 4 | 8 | 2 |
| Gin | 4 | 4 | 4 |
| Cordials | 3 | 6 | 2 |
| Draft beer | 3 | 8 | 1 |
| Bottled beer | 3 | 6 | 1 |
| Scotch | 3 | 4 | 2 |
| Canadian whiskey | 2 | 4 | 1 |
| Domestic beer | 2 | 6 | — |
| Bourbon | 1 | 4 | — |
| Rye | 1 | 2 | 1 |
| Aperatifs and other light before dinner drinks | 1 | 2 | 1 |
| Premium beer | 1 | 2 | — |
| None | 4 | 2 | 5 |

***Percentage of 50 chain and 100 independent operators reporting growth in the sales of individual drink item.**

Source: *NRN* Alcoholic Beverage Trade Study

drink. Another reason is that —since beer is a low priced beverage—most beverage operations among independents and upscale chains do not merchandise beer. In fact, many carry only a limited selection of brands and types.

Draft beer is found in far fewer food-service beverage operations over the past decade, although among chains it has had a resurgence lately. Some 43% of chain operators in the survey said they had experienced an increase in beer over the past two years, as opposed to only 23% of independent operators. The sale of beer seems to be a constant, though, since only 5% overall said that their sales of beer had decreased in the past two years.

**Alcoholic Beverages Are Profitable**

Better than one-fourth (26.4%) of the average customer's check was devoted to alcoholic beverage purchases. The figure was approximately the same for both chains and independents.

Over two-thirds (68%) of those interviewed said they had increased their prices of spirits, wine or beer in the past year. Slightly more chain (72%) had initiated price increases of alcoholic beverages than independents (66%). Interestingly, a larger number had increased food prices (77%), with about the same number of chains and independents reporting such increases. The average increase in food prices (9.3%) was just about the same as the average price hike for alcoholic beverages (about 9.45%).

Most operators who serve both house brands from the "well" and call brands report there is about a 50-50 split in share of their business. However, independent food service establishments conducted a larger call brand business than did chain restaurants. The mean percentage share for call brands among independents was 53.6%, compared to 40.3% for the chains.

About one-third of the operators in the survey reported that they had an increase in call brands over the past two years. Nearly all of the rest said their call brand sales had remained about the same. Independents (42%) again reported more increases than chains (35%) in call brands.

One interesting feature of the survey was the number of chains reporting they charged more for call brands than well liquor (84%) than independents—only 70% of whom said they charged more for call liquor. Overall, that averaged out to about three-quarters of all operators reporting higher call brand prices.

The average upcharge for call brands vs. well brands was 30.5¢ per drink. Chains, on average, boosted their call brands only 28.8¢ over well liquor, while the independents who charged more, did it to the tune of an average 31.5¢. The two pricing brackets most used, however, were 25¢ more per drink and 41¢ to 50¢ more per drink. There were two operators who charged only a nickel more for a call brand drink and one operator who charged $1 more.

Chains seemed to carry more brands of beer than independents, with about 12 brands carried on average for all operators. Chains tended to carry 4.7 premium brands against 3.4 for independents. Chains had 4.6 brands average of imported beers, while independents carry only 3.1 brands. Just 3.8 domestic beer brands was stocked by chains, while indpendents carry only 2.9. Light beer offers the least choice with either chains (1.8 brands) or independents (1.6 brands).

In general, light and imported beers are being stocked more than the other two types. Some 42% of the respondents claimed they are presently stocking more brands of light beer and 37% report more imported beer in their refrigerators. Domestic beers have the least amount of growth, with only 13% stocking more brands compared to two years ago. One reason for this is probably the decreasing number of brands available as a result of mergers and closings of domestic breweries.

### How Important is Food

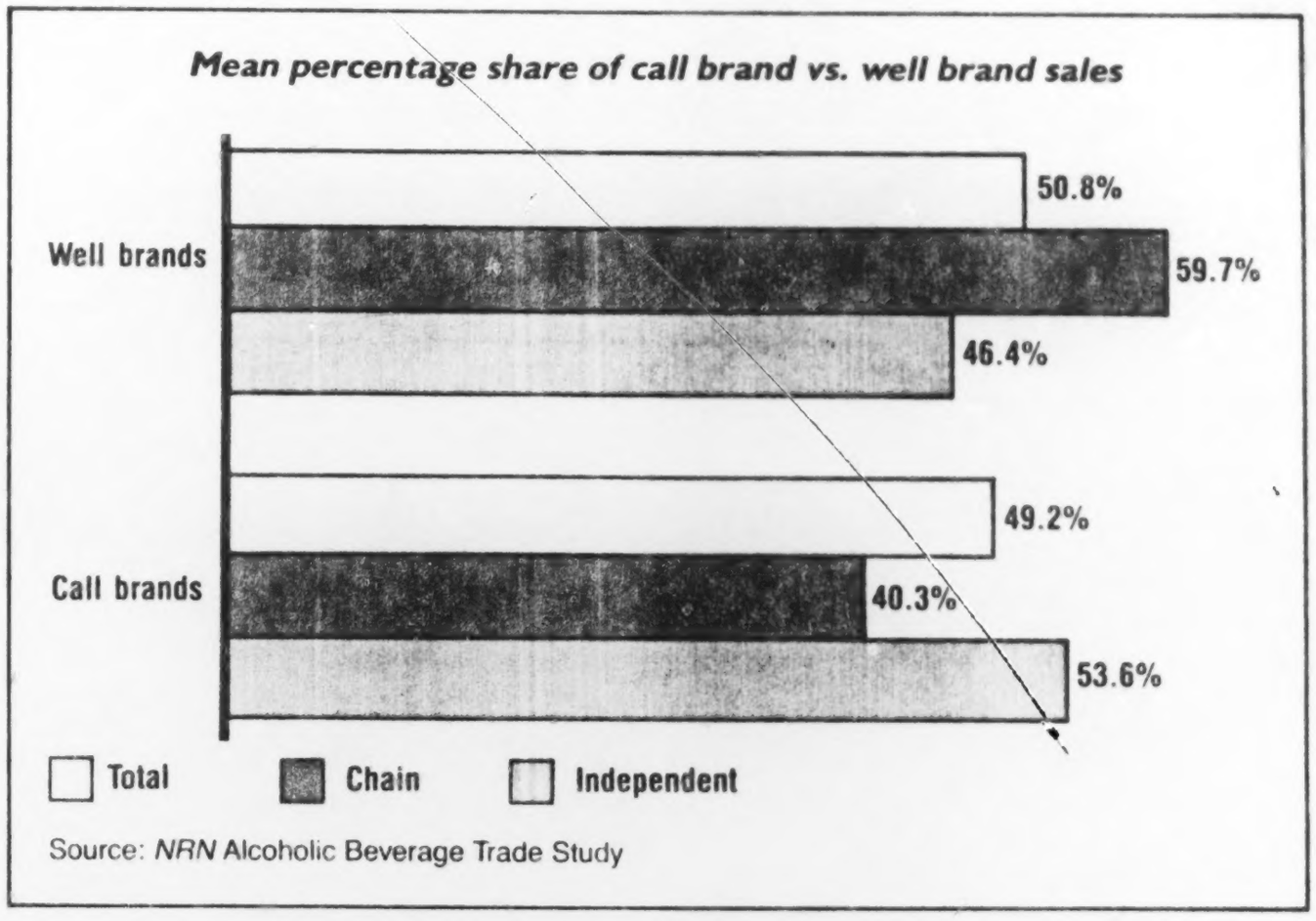
About a quarter (22%) of the operators reported that they did not offer food in their bars. That reaction was sharply different between chains (2%) and independents (32%), however. With chains, it is obvious that the bar is a spill-over food-service area. Fifty-eight percent of the chains offer full meals in the bar, compared to only 22% of the independents, for a total of 35%, having a bar menu with full meals. Even more chains (69%) have a special bar menu featuring sandwiches and snacks. Only 21% of the independents have such menus, for about 38% of both types which offer this type of service to customers.

The survey used a five-point scale ranging from "extremely" to "not at all" to rate the importance of food items in promoting bar items. Over four in 10 operating a bar or lounge (44%) rated food items as either "extremely" or "very" important in that context. Hoever, significantly more chain (60%) than independent (34%) food-service operators with bars or lounges gave top importance rating to food items helping promote bar items.

A full 31% of all operators said that food items were "not too" or "not at all" important in promoting bar items. That broke down into 43% of the independents not placing much importance on food in the bar, with only 6% of the chains having that outlook.

### Distributors Help Purchase Decisions

Operators gave distributors high ratings for being primary sources of information which guide a restaurant's purchasing decision for wine and spirits, with 77% rating them as the primary source. Following the distributors were wine journals (69%) and beverage manuals (65%). About 43% attend wine "festivals" or tastings to acquire information to make wine purchases. More independents (49%) than chains (30%) attend such sessions.




A beverage operation can be a major profit center for a food-service establishment. Whether the beverages are served only at the table (a service bar) or in a bar/lounge (a public bar), there is no doubt among operators that a major part of income comes from such an operation. When about one quarter of the customer's check is for alcoholic beverage purchases in the sample used in *NRN*'s survey, the amount of profit per drink is generally much higher than the amount of profit per food menu item. While there are some exceptions to this, in general, the profit margin for the beverage portion of an operation adds significantly to the bottom of the line for both chains and independent operators.

In this supplement, it is our intention to look closely at a number of the beverage management areas which should be of concern to each operator. These include merchandising, training, inventory control, purchasing, security, layout of the bar, and profit control.

Merchandising is a key element of a profitable beverage operation. If wine sales at the table are an area of interest to the operator, merchandising is a necessity. The sale of specialty drinks and after dinner drinks are two other areas in which merchandising is necessary to increase levels of customer consumption.

Training is generally the key to good merchandising. Most merchandising is, eventually, on the shoulders of the employees who come into contact with the customer. If training is effective, merchandising will be effective.

Most operators think of controlling costs, while their objective is really to control profits, since costs are just one component of the sales equation. Pricing is an equally important factor and is within the control of most operators.

Inventory control and security are management concerns which should be reviewed frequently. The amount of investment in product is higher in the beverage department than in any other part of the food-service operation. Tight controls here will prevent "leakage" of profits out the back door.

Purchasing is an important task, although it is not true that a beverage department can "make its profits on buying." But with the wide variety of post offs, special promotional allowances, quantity discounts, and family discounts, there is a great deal of opportunity for close application to purchasing to provide an extra margin of profit in the sale of alcoholic beverages.

Finally, the bar is just as much a production area as the "back of the house" on the food-service side. It is just as necessary to lay it out properly for efficient and speedy production as it is to keep the kitchen operating smoothly. The time, for both kitchen and bar, to worry about layout is before it is built, but there are some things which can be considered after installation which will improve traffic flow behind the bar.

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PROFILE: LAWRENCE ELLMAN

***Beefsteak Charlie's merchandising wizard—P. 1***

Nation's
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# Critical industry issues fuel debate

**Pillsbury Restaurant Group chairman and president Norman Brinker shows elation upon being named 1982 MUFSO man-of-the-year. Brinker is flanked by his wife Nancy (left) and Mrs. John Cauley (right). Full story on Page 3.**

## *Couponing, menu strategy, growth among range of key MUFSO topics*

**By Charles Forman**

WASHINGTON—Dramatic clashes of opinion among industry leaders on critical issues highlighted *Nation's Restaurant News'* 23rd annual Multi-Unit Food Service Operators (MUFSO) conference at the Washington Hilton here last month.

Consideration of key topics like industry growth, menu strategy and couponing elicited heated argument both from the podium and in hotel hallways among the approximately 800 chain executives, top suppliers and other guests at MUFSO.

An assertion that "Our customers . . . will not continue to placidly consume burgers, shakes and fries," by Marriott Corp. president J. Willard Marriott Jr. was hotly contested by other conference attendees.

***Complete Coverage of MUFSO Conference, pages 23-56***

When Jim Peterson, president of the Texas-based Whataburger fast food chain, took the podium for a later keynote address, he contested Marriott's assertion.

"Hamburgers, fries and shakes," said Peterson. Here's a man [himself] who owes everything he has in the world to . . . hamburgers, fries and shakes." Peterson went on to predict unabated popularity for the combination.

Even on the subject of whether the industry could look forward to continued growth in coming years, agreement was absent.

"Our prospects are excellent," said John Dankos, National Restaurant Association president and chairman. Dankos asserted demographic trends favored dining out and quoted NRA's forecast that food-service sales will grow 8% next year to total $144 billion.

But most other speakers were nowhere near so sanguine.

Economist Otto Eckstein, painting a bleak picture of an economy he said had been battered by efforts to control inflation, warned specifically of troubles in years ahead "for

*(Continued on page 78)*

**Kerrey captures Nebraska**

## *Restaurateurs net big political gains*

**By Roman Czajkowsky**

Early in the campaign for the governorship of Nebraska, Bob Kerrey's opponent thought he'd score some points with the electorate in this heavily agricultural state by charging that Kerrey "couldn't tell an ear of corn from a ukulele."

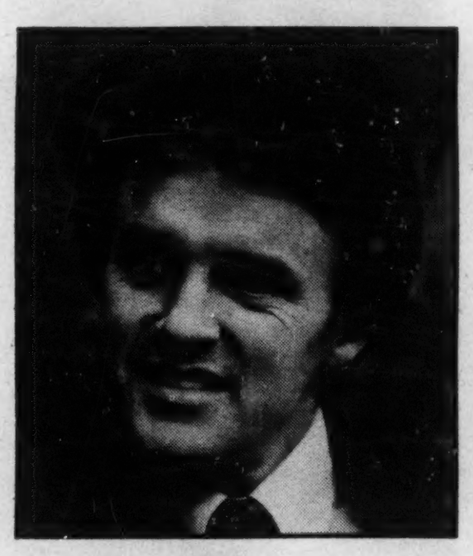
Well, you don't tell this kind of thing to a native Nebraskan, and certainly not if he's a restaurateur to boot. So Kerrey, a Democrat who was running for public office for the first time, tried a bit harder, and on Nov. 2, narrowly turned out the Republican incumbent in a state that is normally a conservative Republican stronghold.

Kerrey was one of a number of restaurateurs who made the transition from serving meals to serving their constituency that day, other restaurateurs and those with interests in food-service ventures were re-elected.

In Texas, for example, Chris Cemos, who owns The Torch in Oak Cliff outside Dallas, was elected Dallas Country commissioner. Another Texan, Bill Harrison of Corpus Christi who runs Cooper's Alley and another eatery, became a member of the state legislature.

In New Hampshire, Gerald Powers of the Sunnyville restaurant in Ossipee won his first attempt to get into the state House of Representatives. In Dallas, Georgia, Fred Aiken of Alfredo's Restaurant was re-elected to the house in that state. And Aaron Plyler, who

*(Continued on page 78)*



**Bob Kerrey**
*Nebraska Governor elect*

## Miles accepts new challenge with Kraft

**By Joe Edwards**

GLENVIEW, Ill.—Michael A. Miles, 43, newly appointed Kraft Inc. president, brings to that food products company a reputation as a no-nonsense, back-to-basics strategist who helped reverse Kentucky Fried Chicken's sagging fortunes in the late 1970's.

To the surprise of many food-service executives, Miles last month resigned as senior vice president-foods at Hartford, Conn.-based Heublein Inc. and as chairman of Heublein-owned KFC Corp. to accept the Kraft offer. Kraft Inc. is a division of Dart & Kraft Inc., a Chicago-based food, consumer and commercial products firm.

Miles leaves an impressive record but uncertain future at Heublein, (acquired July 29 by R. J. Reynolds Industries) for a top spot at one of the nation's largest manufacturers and distributors of food-service and consumer products. Kraft reported 1981 sales of $7 billion. It merged two years ago with Dart Industries, which has been seeking more impetus at Kraft's top levels.

Miles succeeds Arthur W. Woelfle, 62, as Kraft president. Woelfle is moving up to Kraft chairman while continuing as chief operating officer until March. At that time, Miles is scheduled to become chief operating officer while retaining the title of president, and Woelfle is

*(Continued on page 78)*

## LATE NEWSBREAKS

**Holiday Inns reported an 82.5% drop in profits to $10.1 million on a 1.1% rise in revenues to $394 million for the third quarter ended Oct. 1. For the first nine months, the company reported a 47.6% profit decrease to $65.1 million, while revenues rose 6.2% to $1 billion.**

**ARA Services has signed a contract to provide food service and transportation to and from competition sites for athletes at the 1984 Olympic games in Los Angeles. The company expects to provide 55,000 meals daily to Olympic participants, staff and coaches. ARA also had food-service contracts at Olympic games in 1968, 1976 and 1980 (Winter games in Lake Placid).**

**Moving ahead with its national franchising program, Wendy's Sisters Chicken & Biscuits subsidiary has sold franchise development rights for parts of Alabama, Florida and Georgia to Atlanta-based B&S Foods Inc. B&S Foods is also a Wendy's franchisee, operating more than 40 of the burger restaurants in New York City and in the South.**

*Harbrant warns industry*

## Organized labor on the warpath

**By Ken Rankin**

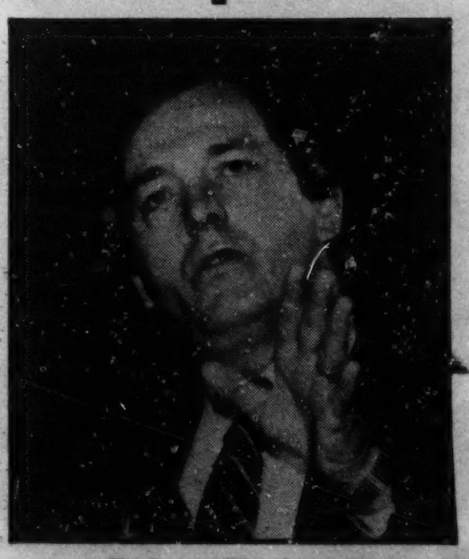
WASHINGTON—Organized labor declared war on systematic "union-busting" activities by large restaurant chains and threatened the industry with a decade of "traumatic" labor disputes during this year's Multi-Unit Food Service Operators (MUFSO) conference in Washington.

"We will be forcing you on the defensive much more often than at present," AFL-CIO Food & Beverage Trades Department president Robert Harbrant warned the nation's food-service chain execs. "Do not expect us to probe your corporate underbelly lightly."

In a blunt, often abrasive address to the '82 MUFSO conference, Harbrant repeatedly attacked what he called the abuses of corporate management, and told restaurant chain execs that organized labor will respond to their "greedy" practices with an agressive new unionizing offensive during the 1980's that could topple some segments of the industry.

Labor-management relations within the restaurant field may return to "some semblance of

*(Continued on page 77)*



**Robert Harbrant**

# FINANCIAL NEWS

## McD third-quarter profits increase 15%

OAK BROOK, Ill.—McDonald's Corp. has reported a 15% increase in profits to $86.8 million on a 10% jump in revenues to $737.6 million in the third quarter ended Sept. 30 compared to the same period a year earlier. Systemwide sales in the quarter rose 10% to $2.1 billion.

For the first nine months of this year, McDonald's reported a 14% profit rise to $232 million on an 11% hike in revenues to $2 billion. Systemwide sales for the first nine months were $5.8 billion, a 10% increase over the same period a year earlier.

International division sales in the third quarter rose to $384 million from $360 million a year ago. Division sales for the first nine months rose to $1.07 billion from $1 billion a year earlier.

At the end of the third quarter, McDonald's had 7,063 restaurants operating in the United States and 29 foreign countries and territories compared to 6,536 at the end of 1981's third quarter. Another 214 units were under construction. Close to 1,300 units are operating in foreign countries.

McDonald's also disclosed that Chicken McNuggets have been added to menus in the Chicago area, one of the last markets to receive the new product. McNuggets are now sold in 5,300 domestic units and are expected to be in all McDonald's restaurants in the United States by year end.

## Wendy's initiates 3-for-2 stock split

DUBLIN, Ohio—Wendy's International has split its stock 3-for-2 in a move to attract new investors

At the same time, the Dublin, Ohio-based company reported record net income and revenues for the quarter and nine months ended Sept. 30. Third quarter net income rose 17% to $12.4 million over last year's similar period. Revenues for the quarter increased 20.5% to $161 million.

For the nine-month period, net income was $33 million, up 19% over last year's comparable period.

Third quarter average store sales were $181,000, a slight increase from the $180,000 per-store last year. For the nine months, systemwide average store sales were $527,000, up from the $505,000 in the first nine months of 1981.

Robert L. Barney, Wendy's chairman and chief executive officer, said the stock split was designed "to increase the liquidity of the stock and its attractiveness to investors."

Wendy's recently announced plans to expand its Sisters Chicken and Biscuits restaurants nationwide.

## Godfather's net declines 20%

OMAHA—Net profits for Godfather's Pizza declined nearly 20% in the third quarter ended Oct. 3 to $1,283,000, compared to the same period last year.

Revenues for the quarter, however, went up 12.5% to $10,296,000.

In the 39-week period ended Oct. 3 net profits increased 8.5% over the same period last year, to $4,012,000. Revenues for the 39 weeks climbed 22% to $29,795,000.

The company stated that "growth was slowed by double-digit unemployment and generally unfavorable economic conditions."

## Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Nov. 5 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Aca Los A Res | ALAR | 7.50 | 6.00 | 6.88 | .75 | 12.24 | 7.50 | 3.50 | .36 | -3.04 | 4.65 | -33.88 | .47 | -.43 N | -95.5 | -25.0 | 4.3 | 343.8 | .00 | .0 | 01-06-81 | 27.7 | 1.2 | 2.4 | 5.69 | 2.90 | 1081 |
| Am Motor Inns | INN | 26.50 | 21.63 | 26.25 | 2.00 | 8.25 | 26.50 | 12.00 | .33 | 1.52 | 2.88 | 19.95 | 2.17 | .44 F | 25.4 | 35.0 | 7.0 | 12.1 | .22 | .8 | 08-10-82 | 142.3 | 8.9 | 1.5 | 15.62 | 10.87 | 0781 |
| ARA Services | ARA | 35.25 | 33.25 | 34.00 | -1.38 | -3.89 | 36.00 | 23.50 | -.28 | -1.52 | -2.06 | 19.16 | 4.00 | -1.28 N | -27.0 | -2.0 | 1.5 | 9.8 | 2.00 | 5.9 | 08-26-82 | 2915.9 | 45.1 | 1.2 | 21.04 | 44.21 | 0981 |
| Assoc Hosts | AHST | 6.50 | 5.50 | 6.38 | .88 | 15.91 | 6.50 | 4.88 | -.40 | 2.09 | 5.52 | 25.00 | .66 | -.01 N | -1.5 | -10.0 | 2.6 | 10.1 | .12 | 1.9 | 09-07-82 | 79.9 | 2.1 | 1.5 | 6.40 | 7.04 | 0981 |
| Beefstk Char | BSCC | 5.38 | 4.50 | 5.38 | .50 | 10.26 | 6.50 | 2.88 | -.93 | 2.51 | .97 | 65.07 | .62 | .16 N | 25.3 | 33.0 | 2.4 | 6.8 | .00 | .0 | 00-00-00 | 86.2 | 2.1 | 1.2 | 1.49 | 3.09 | 1081 |
| Bob Evans Farms | BOBE | 28.75 | 25.50 | 28.75 | 1.50 | 5.50 | 28.75 | 18.19 | -.11 | 1.76 | 3.05 | -16.09 | 1.45 | .20 Q | 16.0 | 24.0 | 7.9 | 19.8 | .40 | 1.4 | 11-05-82 | 173.4 | 13.7 | 1.7 | .00 | 6.90 | 0482 |
| Bonanza Intl Inc | BNZA | 2.38 | 1.88 | 2.38 | .44 | 22.58 | 2.38 | 1.06 | -.13 | 4.37 | .80 | 64.04 | -3.33 | -2.56 S | NE | -65.0 | -61.8 | NE | .00 | .0 | 00-00-00 | 24.1 | -14.9 | 1.2 | 11.24 | 1.50 | 1281 |
| Brock Hotel Cp | BHC | 10.63 | 8.00 | 10.50 | 1.13 | 12.00 | 17.50 | 8.00 | -1.66 | -.58 | 1.87 | 4.63 | .59 | .30 N | 73.1 | 23.0 | 4.3 | 14.8 | .10 | 1.0 | 09-27-82 | 165.1 | 7.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 11.00 | 10.25 | 10.25 | -1.25 | -10.87 | 11.75 | 7.16 | -.31 | -1.73 | -3.61 | -5.56 | 1.11 | .13 S | 13.4 | 6.0 | 3.2 | 9.3 | .12 | 1.2 | 11-24-82 | 37.0 | 1.2 | .6 | 1.51 | 2.27 | 0282 |
| Carrols Develop | CRL | 10.63 | 8.50 | 10.00 | 1.75 | 21.21 | 10.63 | 4.13 | 1.06 | .50 | 4.32 | -25.90 | .66 | .52 Q | 126.8 | 21.0 | 1.9 | 10.8 | .09 | .9 | 12-24-81 | 68.6 | 1.3 | .6 | 9.82 | 5.99 | 0582 |
| Chart House | CHHO | 27.75 | 22.88 | 27.63 | 1.13 | 4.25 | 27.75 | 15.88 | .08 | 1.51 | 3.39 | -.92 | 2.03 | .16 N | 8.2 | 13.0 | 5.0 | 13.2 | .60 | 2.2 | 09-24-82 | 353.9 | 17.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 25.63 | 23.63 | 25.63 | .75 | 3.02 | 25.63 | 11.09 | .11 | -.13 | -.49 | 25.26 | .55 | .22 Q | 55.0 | 26.0 | 11.1 | 41.3 | .00 | .0 | 06-28-82 | 14.9 | 2.1 | 3.1 | 1.10 | 1.23 | 0481 |
| Ch Full O Nut | CHF | 15.38 | 12.50 | 14.25 | -.63 | -4.20 | 18.25 | 9.25 | -1.19 | -3.37 | -1.69 | 38.89 | .34 | -.32 F | -48.4 | 15.0 | 1.4 | 41.9 | .40 | 2.8 | 07-01-82 | 118.7 | 3.2 | 3.4 | .80 | 5.42 | 0781 |
| Churchs Fr Ch | CHU | 40.25 | 36.13 | 39.25 | -.88 | -2.18 | 40.38 | 25.00 | .40 | -1.08 | -.66 | 5.00 | 3.52 | -.06 N | -1.7 | 16.0 | 10.8 | 11.5 | 1.00 | 2.5 | 10-25-82 | 412.1 | 44.6 | 1.9 | 1.02 | 15.25 | 1281 |
| Cindys Inc | CNDYC | 3.50 | 3.13 | 3.50 | .00 | .00 | 3.88 | 2.63 | -1.15 | 1.31 | -3.31 | -13.93 | -.06 | 1.37 F | NE | NE | -.6 | NE | .00 | .0 | 00-00-00 | 17.0 | -.1 | .0 | 7.17 | .29 | 1281 |
| Collins Foods | CF | 19.75 | 17.13 | 19.63 | 1.00 | 5.37 | 19.75 | 8.53 | .09 | -.17 | -.06 | -8.88 | 1.69 | .57 Q | 43.8 | 15.0 | 3.2 | 10.5 | .24 | 1.2 | 09-24-82 | 298.0 | 9.6 | 1.3 | 7.44 | 10.69 | 0482 |
| Consul Corp | CNSL | 9.00 | 8.38 | 9.00 | .25 | 2.86 | 9.00 | 5.25 | -.28 | .40 | -.54 | 3.22 | .00 | -.08 Q | -88.8 | NE | .0 | 900.0 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 16.25 | 14.25 | 16.25 | 1.25 | 8.33 | 16.25 | 7.25 | .72 | 1.74 | -1.18 | 3.39 | 1.03 | .03 F | 3.0 | 19.0 | 3.7 | 15.8 | .00 | .0 | 00-00-00 | 35.4 | 1.3 | 1.9 | 5.35 | 6.69 | 0782 |
| Dennys Inc | DEN | 35.50 | 29.75 | 35.13 | 4.13 | 13.31 | 35.50 | 17.50 | .12 | 1.93 | -.94 | -3.08 | 2.47 | .40 Q | 18.6 | 9.0 | 3.9 | 13.8 | .64 | 1.8 | 12-07-82 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 27.00 | 22.25 | 27.00 | 2.75 | 11.34 | 27.00 | 11.13 | .13 | 1.76 | -1.68 | -3.58 | 1.82 | .25 N | 14.0 | 19.0 | 8.3 | 13.3 | .36 | 1.3 | 08-09-82 | 68.7 | 5.7 | 1.3 | 11.44 | 10.61 | 1081 |
| Frischs | FRS | 13.25 | 10.75 | 12.50 | 1.00 | 8.70 | 13.25 | 7.38 | .28 | -1.56 | 1.37 | -43.38 | 1.87 | .11 Q | 6.5 | 16.0 | 3.8 | 7.0 | .40 | 3.2 | 11-29-82 | 101.0 | 3.8 | 1.5 | 6.48 | 14.12 | 0582 |
| Hambrg Hamlet | HAMB | 5.75 | 5.75 | 5.75 | -.25 | -4.17 | 8.25 | 5.00 | -.51 | -1.17 | 2.24 | .00 | 1.35 | .60 Q | 111.1 | -9.0 | 3.2 | 5.0 | .00 | .0 | 00-00-00 | 31.6 | 1.0 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 2.00 | 1.63 | 1.63 | -.25 | -13.33 | 4.38 | 1.38 | -.28 | -6.89 | 1.55 | 4.55 | -2.22 | -5.08 N | -336.8 | -63.0 | -11.4 | NE | .00 | .0 | 00-00-00 | 30.6 | -3.5 | 1.4 | 18.38 | 8.12 | 0981 |
| Hilton Hotels | HLT | 49.00 | 41.50 | 47.13 | 4.50 | 10.56 | 49.00 | 27.63 | .48 | .14 | -2.40 | -2.47 | 4.22 | -.65 N | -15.7 | 20.0 | 20.9 | 13.6 | 1.80 | 3.8 | 08-30-82 | 539.3 | 112.6 | 2.0 | 4.48 | 19.98 | 1281 |
| Holiday Inns | HIA | 38.00 | 34.13 | 37.13 | -.13 | -.34 | 38.00 | 22.63 | -.26 | -.03 | -1.45 | .19 | 3.66 | .57 N | 20.1 | 22.0 | 7.8 | 10.9 | .80 | 2.2 | 09-13-82 | 1765.1 | 137.4 | .8 | 20.99 | 25.33 | 1281 |
| Holiday Inns A | HIA A | 55.50 | 52.00 | 55.50 | 2.63 | 4.96 | 55.50 | 36.00 | -.37 | .33 | -3.23 | 10.00 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 22.00 | 19.13 | 22.00 | 1.75 | 8.64 | 22.00 | 8.66 | -.05 | 1.50 | 1.55 | 8.82 | .95 | .07 S | 8.5 | 30.0 | 2.7 | 24.7 | .00 | .0 | 09-27-82 | 166.1 | 4.5 | 1.7 | 11.45 | 6.30 | 1281 |
| Hungry Tiger | HTIG | 10.50 | 9.50 | 9.75 | -.75 | -7.14 | 10.50 | 6.00 | .19 | -3.73 | 1.29 | -3.54 | 1.17 | .17 F | 17.0 | 42.0 | 3.8 | 8.3 | .00 | .0 | 08-24-81 | 49.9 | 1.6 | .8 | 5.84 | 4.09 | 0881 |
| Imperial Grp | IMT | 2.00 | 1.81 | 1.94 | .00 | .00 | 2.00 | 1.19 | -.17 | -.91 | -.27 | -41.98 | .24 | .00 F | .0 | 2.0 | 2.0 | 8.1 | .14 | 7.2 | 09-28-82 | 8462.9 | 171.0 | 1.1 | .65 | 2.08 | 1081 |
| Intl Dairy Queen | INDQ | 21.75 | 19.50 | 20.25 | -1.25 | -5.81 | 21.75 | 9.25 | .61 | -2.18 | 1.30 | 34.95 | 1.72 | .44 N | 27.1 | 38.0 | 6.1 | 9.8 | .00 | .0 | 00-00-00 | 91.3 | 5.6 | 1.1 | 9.68 | 5.82 | 1181 |
| Int King Tab | IKNG | 6.50 | 5.25 | 6.50 | 1.13 | 20.93 | 6.50 | 1.75 | .13 | 1.78 | 2.41 | -48.12 | .33 | 1.22 Q | NE | -21.0 | 1.4 | 13.5 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 9.38 | 8.13 | 9.38 | .63 | 7.14 | 9.38 | 2.88 | .51 | 1.30 | -.84 | 19.46 | .63 | .29 N | 53.7 | 1.0 | 3.0 | 11.3 | .16 | 1.7 | 10-29-82 | 36.4 | 1.1 | .9 | 5.18 | 5.01 | 0981 |
| Jerrico Inc | JERR | 27.50 | 22.63 | 27.50 | 1.63 | 6.28 | 27.50 | 15.63 | .14 | 2.34 | 4.37 | 34.95 | 1.75 | -.12 Q | -6.6 | 23.0 | 5.1 | 16.3 | .12 | .4 | 11-05-82 | 425.5 | 21.8 | .9 | 3.64 | 11.24 | 0682 |
| Kapok Tr Inns | KTI | 3.63 | 3.25 | 3.63 | .38 | 11.54 | 4.50 | 3.00 | .00 | -.40 | 1.17 | 23.68 | -.24 | -.17 N | NE | -31.0 | -2.9 | NE | .00 | .0 | 00-00-00 | 13.8 | -.4 | 3.1 | 1.93 | 5.84 | 0981 |
| Kelly Johnston | KEJO | 17.75 | 14.38 | 17.75 | 2.38 | 15.45 | 17.75 | 8.84 | .45 | 1.35 | -3.57 | -14.31 | .59 | .18 Q | 42.8 | 115.0 | 8.4 | 29.6 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 19.38 | 17.13 | 19.38 | 1.38 | 7.64 | 19.38 | 8.88 | .06 | 1.06 | -1.12 | -19.10 | 1.51 | 1.69 S | NC | 16.0 | 3.4 | 11.5 | .00 | .0 | 00-00-00 | 200.6 | 6.9 | 1.9 | 6.43 | 8.34 | 0182 |
| Lubys Cafe | LUB | 36.38 | 29.38 | 36.38 | 4.88 | 15.48 | 36.38 | 24.50 | .18 | 2.06 | 3.01 | -42.67 | 1.69 | .24 F | 16.5 | 23.0 | 9.0 | 21.5 | .60 | 1.6 | 12-13-82 | 108.2 | 9.8 | 1.1 | .90 | 5.98 | 0881 |
| Marcus Corp | MRCS | 7.88 | 7.25 | 7.88 | .63 | 8.62 | 7.88 | 5.00 | -.22 | 1.12 | 4.88 | -32.68 | 1.13 | -.03 Q | -2.5 | 4.0 | 5.7 | 6.9 | .00 | .0 | 08-24-81 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 58.88 | 49.63 | 55.63 | 3.88 | 7.49 | 58.88 | 32.00 | .00 | .57 | -4.64 | 8.40 | 3.20 | .29 N | 9.5 | 29.0 | 4.3 | 16.7 | .30 | .5 | 09-20-82 | 2000.3 | 86.1 | .9 | 23.23 | 16.12 | 1281 |
| McDonalds Cp | MCD | 65.63 | 57.00 | 64.75 | 5.00 | 8.37 | 65.63 | 38.69 | -.04 | .18 | -2.74 | 5.37 | 4.36 | .65 N | 15.4 | 18.0 | 10.7 | 13.3 | .88 | 1.4 | 10-15-82 | 2477.2 | 264.8 | .5 | 15.35 | 22.73 | 1281 |
| Morrison Inc | MORR | 15.88 | 14.63 | 15.75 | .38 | 2.44 | 15.88 | 8.13 | .21 | .37 | .10 | -6.47 | 1.16 | .28 Q | 29.1 | 8.0 | 4.1 | 12.7 | .36 | 2.3 | 10-08-82 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 2.75 | 2.63 | 2.63 | -.13 | -4.55 | 3.38 | 1.75 | .49 | -.53 | -2.01 | 13.08 | .22 | -.47 N | -293.7 | -23.0 | .5 | NE | .00 | .0 | 05-29-80 | 55.7 | .3 | 1.4 | 3.45 | 4.70 | 0981 |
| Nathans Famous | NATH | 1.19 | 1.06 | 1.19 | .13 | 11.76 | 1.78 | .59 | -.14 | -1.49 | 6.83 | 12.12 | .03 | .79 Q | NE | NE | .6 | 29.7 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Oakbrook Cons | OKCO | 14.00 | 14.00 | 14.00 | .00 | .00 | 14.00 | 9.00 | .47 | -1.24 | -5.41 | .00 | 1.74 | -.83 N | -47.9 | 3.0 | 1.3 | 15.6 | .32 | 2.3 | 09-13-82 | 133.4 | 1.7 | .8 | 5.60 | 13.02 | 0981 |
| Orange-co | OJ | 5.63 | 5.00 | 5.50 | .25 | 4.76 | 11.38 | 4.63 | -1.55 | -.98 | -3.27 | -12.88 | -.20 | -1.25 F | -119.0 | 22.0 | -.8 | NE | .20 | 3.6 | 02-22-82 | 76.2 | 4.1 | 1.9 | 10.24 | 7.21 | 0881 |
| Piccadilly Caf | PICC | 16.00 | 15.63 | 16.00 | -.25 | -1.54 | 18.13 | 13.50 | -.58 | -.89 | -1.63 | -2.60 | 1.39 | .03 Q | 2.2 | 13.0 | 5.9 | 11.6 | .56 | 3.5 | 09-09-82 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 7.38 | 5.75 | 6.63 | .75 | 12.77 | 7.38 | 4.50 | .53 | .92 | 1.53 | -4.38 | .50 | -.09 S | -15.2 | -7.0 | 1.0 | 13.3 | .00 | .0 | 00-00-00 | 133.5 | 1.4 | .9 | 12.94 | 6.65 | 1281 |
| Pizza Time Thea | CHKY | 18.75 | 15.25 | 18.75 | 1.25 | 7.14 | 32.50 | 14.25 | -.26 | 1.43 | -.38 | 7.11 | .58 | .78 N | 229.4 | 42.0 | 7.2 | 16.7 | .00 | .0 | 00-00-00 | 36.2 | 2.6 | 3.2 | .81 | 7.87 | 1281 |
| Ponderosa Sys | PON | 26.75 | 22.50 | 25.50 | .88 | 3.55 | 26.75 | 12.00 | .18 | -.59 | -5.00 | -21.50 | 2.01 | .95 S | 78.5 | -8.0 | 2.4 | 11.8 | .50 | 2.0 | 09-21-82 | 353.9 | 8.5 | 1.0 | 19.96 | 16.83 | 0282 |
| Ramada Inns | RAM | 6.25 | 5.25 | 6.13 | .38 | 6.52 | 7.38 | 4.25 | .27 | 1.77 | 3.13 | 29.32 | .05 | -1.45 S | -198.6 | -29.0 | .4 | NE | .00 | .0 | 10-19-81 | 395.5 | 1.4 | .6 | 18.98 | 6.03 | 1281 |
| Restaur Assc | RA | 7.38 | 4.38 | 7.25 | 2.50 | 52.63 | 7.38 | 3.25 | .73 | 7.90 | 2.81 | 62.59 | .97 | -.32 N | -32.6 | 42.0 | 2.4 | 11.0 | .00 | .0 | 00-00-00 | 99.2 | 2.4 | 1.3 | 3.17 | 6.38 | 1281 |
| Saga Corp | SGA | 38.25 | 34.63 | 38.25 | 2.88 | 8.13 | 38.25 | 16.75 | .24 | .91 | -3.83 | 19.03 | 3.35 | .90 Q | 34.8 | 40.0 | 1.9 | 11.0 | .56 | 1.5 | 08-16-82 | 901.0 | 16.8 | .9 | 8.51 | 17.72 | 0682 |
| Sea Galley | SEAG | 8.25 | 7.75 | 8.13 | -.25 | -2.99 | 10.63 | 6.75 | -.28 | .18 | -2.84 | 25.76 | .68 | -.17 N | -24.6 | 45.0 | 4.5 | 15.6 | .00 | .0 | 06-02-81 | 49.0 | 2.2 | 1.8 | 2.38 | 4.99 | 1281 |
| Servico Inc | SRVI | 11.25 | 9.75 | 11.25 | 1.50 | 15.38 | 11.25 | 6.81 | .00 | 2.29 | 3.19 | 11.51 | 1.54 | -.82 S | -41.8 | 74.0 | 3.5 | 9.9 | .00 | .0 | 07-09-82 | 126.4 | 4.4 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 25.38 | 23.25 | 25.38 | 1.25 | 5.18 | 25.38 | 12.63 | .07 | .79 | -1.20 | -12.38 | 1.03 | .25 N | 25.7 | 21.0 | 5.5 | 20.8 | .16 | .6 | 09-28-82 | 269.4 | 14.8 | 1.0 | 1.97 | 5.03 | 1081 |
| Skippers | SKIP | 7.50 | 6.25 | 7.50 | 1.00 | 15.38 | 7.50 | 4.25 | -.40 | 3.50 | -1.36 | -8.10 | .73 | -.46 N | -46.0 | 4.0 | 3.0 | 13.9 | .08 | 1.1 | 10-18-82 | 33.7 | 1.0 | 1.2 | 3.45 | 6.07 | 1281 |
| Sonesta Hotel | SNSTZ | 13.50 | 13.50 | 13.50 | .00 | .00 | 14.00 | 8.50 | -.53 | -1.23 | .86 | 36.36 | .94 | -.66 S | -37.0 | 43.0 | 1.4 | 12.1 | .20 | 1.5 | 06-25-82 | 145.0 | 2.1 | .9 | 27.74 | 10.01 | 1281 |
| So Hospitality | SHOS | 2.25 | 2.00 | 2.13 | .00 | .00 | 2.25 | 1.00 | .84 | .68 | 4.23 | 24.22 | .14 | .16 Q | NC | 21.0 | 2.5 | 13.3 | .00 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 2.75 | 2.63 | 2.63 | -.19 | -6.67 | 3.00 | 2.50 | -.78 | -2.08 | -1.45 | 42.59 | .06 | -.15 N | -62.5 | -32.0 | .5 | 29.2 | .00 | .0 | 05-17-79 | 56.5 | .3 | 1.2 | 4.60 | 2.60 | 0981 |
| Victoria Stations | VSTA | 5.50 | 5.13 | 5.50 | -.38 | -6.38 | 11.00 | 5.00 | -1.47 | -.26 | -8.95 | 11.28 | .35 | .58 S | NE | -38.0 | 1.0 | NE | .00 | .0 | 09-19-79 | 123.4 | 1.2 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 23.75 | 20.38 | 23.25 | .75 | 3.33 | 23.75 | 12.25 | .32 | -1.20 | .39 | -33.01 | 1.52 | .15 N | 10.0 | 18.0 | 7.6 | 14.2 | .36 | 1.5 | 10-29-82 | 486.6 | 36.9 | .6 | 3.84 | 7.89 | 1281 |
| Webb Del E | WBB | 9.75 | 7.75 | 9.25 | .63 | 7.25 | 9.75 | 4.88 | .80 | -.93 | 4.45 | -34.74 | .56 | .81 N | NE | -24.0 | 1.3 | 16.8 | .00 | .0 | 11-07-80 | 414.8 | 5.3 | 1.1 | 16.12 | 13.25 | 1281 |
| Winners Cp | WNER | 14.50 | 13.50 | 14.00 | .63 | 4.67 | 14.50 | 6.38 | .40 | -.78 | .64 | -4.84 | .67 | .84 N | NC | 6.0 | 2.1 | 16.7 | .00 | .0 | 00-00-00 | 72.7 | 1.5 | .3 | 13.37 | 7.09 | 1281 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# Hotels drag down industry's 3rd qtr. results

## *Staggering Sambo's losses also spur 23% profit decline*

By Rurick Telberg

Led by a long-suffering hotel industry and the spectacular losses at the Sambo's coffee shop chain, *Nation's Restaurant News'* survey of third-quarter financial results showed a dismal 23% year-to-year earnings decline for 43 food-service and lodging companies.

The sampling of quarterly financial reports for the periods ending in July, August or September showed that sales in the hospitality industries increased 13% from the same year-ago period for the same companies. But net profits fell 23% below 1981 levels.

Net profit margins for the food-service and lodging industries, by the same measure, narrowed 33%, leaving about 5¢ profit for every dollar of sales.

The 34 food-service companies surveyed posted a 7% profit fall off while sales rose 12%. Margins for restaurant operators and caterers were cut by 17%.

Four out of nine lodging firms reported declines or losses on their bottom lines, leading to a 50% reduction in net profits while sales climbed 18%. Margins for the hoteliers were cut more than half, down from 14% of sales last year to 6% this year.

The fast-food segment of the restaurant business held up the best, scoring an 11% sales gain and a 13% profit increase. The only segment to post wider margins, fast feeders increased their return on sales 2%.

In the diversified companies, coffee shop, dinnerhouse, and cafeteria chains, profit growth generally lagged behind sales growth.

Weighed down by the staggering $43.2 million loss at Sambo's, the coffee shop segment reported a net loss of $31.7 million. Even Denny's 24% profit jump to $10.4 million couldn't erase Sambo's red ink.

If Sambo's were removed from the calculations, the remaining 33 food-service companies would have collectively scored a 13% profit gain on a 14% sales gain as margins narrowed 2% to 6.7% of sales. Without Sambo's, the remaining 42 food-service and lodging companies would have showed a 10% increase in profits on 15% sales growth, though margins would have narrowed 23% to 6.5% of sales.

Big winners among the fast feeders included McDonald's, which marched ahead with a 15% earnings boost to $86.9 million, and Wendy's, with 17% to $12.4 million. Church's Fried Chicken, with sales and earnings both growing at a 2% rate, payed out profits of $10.7 million.

Pizza-makers like Godfather's, Pizza Time and their franchisees also scored gains.

But fish-sellers Jerrico and Skipper's slid. Jerrico's earnings dropped 14% to $5.7 million and Skipper's slipped 12% to $267,000.

The diversified restaurant companies scored the biggest profit advances. Saga and Collins both fattened their bottom lines 33%—Saga to $2.8 million, Collins to $3.2 million before spinning off its steakhouses as a separate company. Shoney's profits grew 21% to $4.7 million, but Marriott stumbled, showing a 6% profit rise to $29.8 million while sales leaped 25%.

Brock Hotel, operator of Show Biz pizza-and-games parlors, scored an 82% profit jump to $4 million, but $1.5 million of that was from the sale of two hotels.

Mexican dinnerhouses continued to blaze the growth path for evening-meal restaurateurs. Pancho's Mexican Buffet, Acapulco y los Arcos and Chi-Chi's collectively scored a 38% increase in profits to $2.9 million altogether.

But largely on the $1.2 million loss of Victoria Station, the beef-oriented dinnerhouses performed poorly. Ponderosa, however, reported profits up 33% to $3.6 million.

Big losers in the lodging field were led by Holiday Inns and Hilton Hotels, both of which now appear headed for year-end earnings dips. Holiday Inns' profits fell 82% to $10.1 million. Hilton's fell 27% to $19.3 million.

### THIRD QUARTER* SALES AND EARNINGS OF 43 FOOD-SERVICE AND LODGING FIRMS

(Fiscal period ended July-September 1982 compared to July-September 1981)

| Segment | Number of firms surveyed | Revenues: July-Sept. 1982 (Millions) | Revenues: Per cent change from 1981 | Profits: July-Sept. 1982 (Millions) | Profits: Per cent change from 1981 | Margins: Profits as per cent of sales July-Sept. 1982 | Margins: Per cent change from 1981 |
|---|---|---|---|---|---|---|---|
| Fast Food | 12 | 1,256.0 | +11 | 130.0 | +13 | 10.4 | + 2 |
| Diversified | 6 | 1,103.0 | +21 | 46.8 | +14 | 4.2 | – 7 |
| Dinnerhouses | 10 | 229.3 | + 7 | 7.4 | + 4 | 3.2 | – 3 |
| Coffee Shops | 3 | 360.5 | – 6 | (31.7)† | — | — | — |
| Cafeterias | 3 | 175.9 | +16 | 9.4 | +12 | 5.3 | – 5 |
| Food-Service Total | 34 | 3,124.7 | +12 | 161.9 | – 7 | 5.2 | –17 |
| Lodging | 9 | 910.4 | +18 | 53.5 | –50 | 5.9 | –56 |
| Food-Service and Lodging Total | 43 | 4,035.1 | +13 | 215.4 | –23 | 5.3 | –33 |

Source: Company reports

†Net Loss
*Refers to calendar quarter, not firms' fiscal quarter

# Pizza Time net up; 101 new units open

SUNNYVALE, Calif.—Pizza Time Theatre Inc. has recorded third-quarter earnings up 91% over last year, due to a 177% increase in the number of its restaurants. Net earnings in the quarter ended Sept. 9 were $1.4 million on revenues of $24.9 million, compared to $735,329 on revenues of $9.6 million in the same period last year.

For its first nine months this year, the company's net earnings were $5.0 million on revenues of $65.2 million, compared to earnings of $1.2 million on $22.2 million in revenues for the same period a year ago.

Although the number of Pizza Time units rose to 158 in the third quarter just ended (from 57 last year) average weekly sales for company-owned stores were "relatively flat" for the period compared to last year, the company said. Company-owned units reportedly average about $25,000 weekly; franchised outlets do about $28,000.

Last year in the third quarter there were 29 company-owned units and 28 franchises; this year the company was operating 76 stores and franchising 82. Since Sept. 9, the number in each category has grown to about 89 units.

Along with flat sales in the quarter, profit margins in its stores declined as operating and advertising expenses increased. These conditions were reflected in the company's stock price in recent months, which fell to about half its May high of $32 a share and has rebounded only slightly in recent weeks.

The company now has restaurants in 35 states, plus one each in Canada and Australia. While awaiting the influx of revenues from royalties in additional Canadian franchise units, plus new operations in Hong Kong and England, the company will bear the burden on increased advertising costs.

Pizza Time has just kicked off a $3 million TV campaign with the theme, "Smile, America, say Chuck E. Cheese" (the concept's bowler-hatted rat mascot). Touting children's games and birthday parties, the campaign consists of 30- and 60-second spots run in "kid-vid" time slots in some 60 market areas.

The company's restaurants feature video games and robot animal performers geared toward a 2- to 12-year-old market.

## Restaurant capital fund launched

RALEIGH, N.C.—Venturvest Associates, a new capital fund which will specialize in loans to food-service chains, has been launched here with an initial $30 million offering of limited partnership interests.

Investors Management Corp., a holding company for Golden Corral steakhouses, Sirloin Stockade and other firms, is a partner with Venturvest in the new fund. H. Ray Daley Jr., former Golden Corral special projects vice president, and Edward Clark, who was an accounting executive with Peat Marwick Mitchell here, are Venturvest's general partners.

They have named an investment advisory group consisting of Carl DeBiase, a Colonia, N.J.-based research consultant; Darrough Diamond, former Wendy's marketing senior vice president; Norman Habermann, president of Santa Barbara-based Carrows coffee shops; Roger Lipton, a Wall Street food-service analyst; C. James Lynch, now a consultant in Pompano Beach, Fla.; Prof. David Pavesic of the Florida State University Hotel & Restaurant School; Paul Sheppard, president of the new Great Foodini chain in Fairfax, Va., and Clayton Duncan, a vice president of Carolina Securities Corp.

**COMPANY PROFILE: MARRIOTT CORP.**
Coming Soon
in
*Nation's Restaurant News*

### EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Picadilly Caf. | 13 wks. | 9/30 | $37.888 | 9.0 | | | $ 1.969 | (4.6) |
| Chart House Inc. | 13 wks. | 9/30 | | | $101.257 | 8.7 | 5.692 | 3.4 |
| | 39 wks. | | | | 284.371 | 7.9 | 13.079 | 5.5 |
| Restaurants Assocs. | 13 wks. | 9/25 | | | 27.010 | 4.9 | $486,000 | (37.0) |
| | 39 wks. | | | | 77.321 | 3.4 | 1.358 | (52.0) |
| Sandwich Chef Inc. | 13 wks. | 10/2 | 4.687 | 19 | | | $215,421 | 12.0 |
| Holiday Inns Inc. | 13 wks. | 10/1 | | | 394.221 | 1.1 | 10.110 | (82.0) |
| | 39 wks. | | | | 1.090B | 6.2 | 65.180 | (47.0) |
| Jerrico Inc. | 13 wks. | 9/30 | | | 116.393 | 6.5 | 5.705 | (12.5) |
| Brock Hotel Corp. | 13 wks. | | | | 69.401 | 51.7 | 4.004 | 79.2 |
| | 39 wks. | | | | 188.686 | 57.8 | 8.568 | 65.8 |
| Sea Galley Stores | 13 wks. | 9/30 | 18.426 | 24.6 | | | $376,000 | (35.8) |
| | 9 mos. | | 51.646 | 42.7 | | | 1.522 | (8.8) |
| Prime Motor Inns | 13 wks. | 9/30 | | | 15.975 | 20.3 | 3.192 | 35.4 |
| McDonald's Corp. | 13 wks. | 9/30 | | | 737.650 | 10.4 | 86.891 | 14.6 |
| | 9 mos. | | | | 2.079B | 10.5 | 232.109 | 13.9 |
| Pancho's Mex. Buf. | 13 wks. | | | | 6.597 | 8.4 | $389,856 | 92.8 |
| | 9 mos. | | | | 24.216 | 11.8 | $826,896 | 30.9 |
| Wendy's Int'l | 13 wks. | 9/30 | | | 160.621 | 20.4 | 12.379 | 16.7 |
| | 9 mos. | | | | 453.031 | 28.4 | 32.537 | 18.7 |
| Del E. Webb Corp. | 13 wks. | | | | 84.124 | (29.8) | 5.401 | 5.1 |
| | 9 mos. | | | | 250.608 | (22.8) | 4.193 | (72.0) |
| Ogden Corp. | 13 wks. | 9/30 | | | 534.157 | (17.5) | 11.617 | (38.1) |
| | 9 mos. | | | | 1.685B | (11.4) | 47.284 | (16.4) |
| Godfather's Inc. | 13 wks. | 10/3 | | | 10.296 | 12.5 | 1.283 | 19.5 |
| | 9 mos. | | | | 29.795 | 22.0 | 4.012 | 8.5 |
| Hardee's/Imasco | 13 wks. | 9/30 | | | 271.124 | 63.3 | 22.124 | 58.3 |
| | 9 mos. | | | | 516.622 | 62.8 | 43.052 | 51.4 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

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Nation's Restaurant News

*The Newspaper of the Food Service Industry*

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COMPANY PROFILE ISSUE:

# MARRIOTT:
## DIVERSIFIED GROWTH LEADER

*J. Willard Marriott Sr. (top left) and his son J. Willard Marriott Jr. (above) oversee Marriott Corp.'s vast food-service and hospitality empire. Marriott operates more than 100 hotels, such as the Westchester Marriott in White Plains, N.Y. (top photo); the Roy Rogers fast-food chain with close to 400 units, mostly on the East Coast (center), and the largest domestic airline catering system. Trucks are shown at left outside the Marriott flight kitchen at Dulles International Airport in Washington, D.C. Marriott also operates many other restaurants, coffee shops, overseas flight kitchens, and airport terminal shops and manages food service for hospitals, colleges and businesses.*

COMMODITIES

# Turkey prices stay high; beef supply holds steady

As operators discovered during Thanksgiving, whole turkey prices are higher than last year, the result of producers cutting back production to thin out supplies. If you wonder why supermarket chains are selling birds substantially below prices you must pay your suppliers—it's because many chains are selling at cost or below. And their cost is based in most cases upon spring or summer advance buys which gave them hundreds or thousands of birds at a large discount. Cranberry sauce, too, remains about 6% to 7% higher than last year.

Beef is the bright picture. It is still below last year's levels and looks like it will stay that way for a month or so, at least. Reason: Producers have placed more cattle on feed this fall than at any time since 1980. The larger supply has cut into herd buildup for the future, but provides good supplies now. With pork remaining higher in price than beef, home pork consumption is falling off, providing operators with the benefit of lowered prices in that meat, too, although it was 13% higher than last year at the time *NRN* went to press. Unless farmers increase farrowing this winter, pork supplies will be tight for some time to come, and prices will continue high.

### Meat Production Up

Beef and veal production through the first 11 months of the year were almost the same as for 1981, with a bulk of the production coming during the late summer and fall. Adding to the supply available, particularly for fast-food operators, is the 31% increase in beef imports, most of which are in boneless beef intended for hamburger use.

Pork production, on the other hand, was down 9% from last year, although there was a pickup in late October and early November. In fact, although pork prices at the slaughterhouse are still substantially higher than beef, the meat is cheaper than it was at any time in late summer or early fall, as more farmers brought hogs to market. A big question is whether the increased production is the result of more hogs available, or whether farmers are further cutting into herds.

Broiler prices, due directly to the low cost of feed grains, are still lower than last year, and many operators have converted over to expanded chicken items on their menus. With grain supplies good, broiler producers making money, and production remaining high, chicken is likely to stay at reasonable price levels through the winter.

### Vegetable Picture Mixed

Most of the information on the 1982 crop season is in for vegetables. The tomato crop, which was one-third higher than last year, came in near the revised U.S.D.A. estimates, following the damaging fall rains which hit the California major growing areas. Distributors are receiving allowances of up to $1 or more per case on most tomato packs and tomato products, which should result in lowered prices to the operator during the winter and into next year. Particularly bright is the supply of 6/10 pack ketchup, which was nearly depleted as the crop year drew to an end this summer.

The usual winter swingover is under way for fresh lettuce, with prices almost double what they were in the middle of fall. Florida production is in full swing now, however, and Imperial Valley and Arizona producers are getting into harvest season, so prices should be dropping to lower levels than last year.

The canned pea pack is the lowest in over 40 years, and prices have been climbing since the end of the pack period. Dehydrated potato flakes are at approximately one-third of last year's high levels. They present a mixed picture, with some packers offering discounts off list to distributors. Both flakes and granules are a good buy now.

The frozen green bean pack is up 8% with shipments during October down 9%, so prices have softened.

## PRICE MOVEMENT AT A GLANCE

| | Nov. 12 1981 | Oct. 12 1982 | Nov. 12 1982 |
|---|---|---|---|
| Beans, lima, Fordhook Grade A, frozen (lb.) | $ 0.59 | $ 0.62-0.63 | $ 0.64 |
| Beef, Choice, 700-900 lb. Midwest (lb.) | $ 0.96 | $ 0.95 | $ 0.92 |
| Broilers, Grade A, icepack, NYC (lb.) | $ 0.4599 | $ 0.4440 | $ 0.4407 |
| Ketchup, Fancy Calif. (6/10) | $16.30-16.55 | $17.30 | $16.30 |
| Eggs, Grade A large white, Chicago (doz.) | $ 0.7975 | $ 0.66-0.665 | $ 0.665-0.67 |
| Lettuce, iceberg, Calif. (24s) | $ 3.50-5.00 | $ 5.00-6.00 | $ 6.00-7.00 |
| Lettuce, iceberg, Florida (24s) | $ 3.00-5.00 | — | $ 5.00-6.00 |
| Pineapple, chunk, Fancy HS (6/10) | $13.85 | $17.60 | $16.60 |
| Pork loins, Choice, 14-17 lb., Midwest (lb.) | $ 0.90 | $ 1.145 | $ 1.02 |
| Potatoes, dehydrated flakes, 40 lb. (lb.) | $ 0.93 | $ 0.30-0.32 | $ 0.32 |
| Salmon, pink, canned (48/1/4s) | $29.30 | $28.00-29.00 | $30.00 |

Source: NRN Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# Burger King closing 'weak' stores to strengthen chain

MINNEAPOLIS—Burger King is shutting down an undisclosed number of weak restaurants in this country and abroad resulting in a one-time $8 million charge against net earnings in the second fiscal quarter ended Nov. 30, according to a spokesman for parent Pillsbury Co.

Based on the $8 million charge, it is estimated that some 30 of the chain's 3,200 units will close. "This will clean up our balance sheet," a company spokesman said.

Burger King's second quarter results were not compiled at presstime but the Pillsbury spokesman said systemwide sales were "pretty strong," rising about the same rate as in the first quarter.

In November, a Burger King executive said per-unit sales rose about 5%-6% in real terms (after adjustments for inflation) in the first quarter, in part due to the success of the chain's "Aren't You Hungry?" advertising campaign.

Burger King's second quarter sales are expected to be helped considerably by the chain's current taste-test advertising campaign in which Burger King claims its Whopper sandwich beat comparable McDonald's and Wendy's sandwiches in national taste tests.

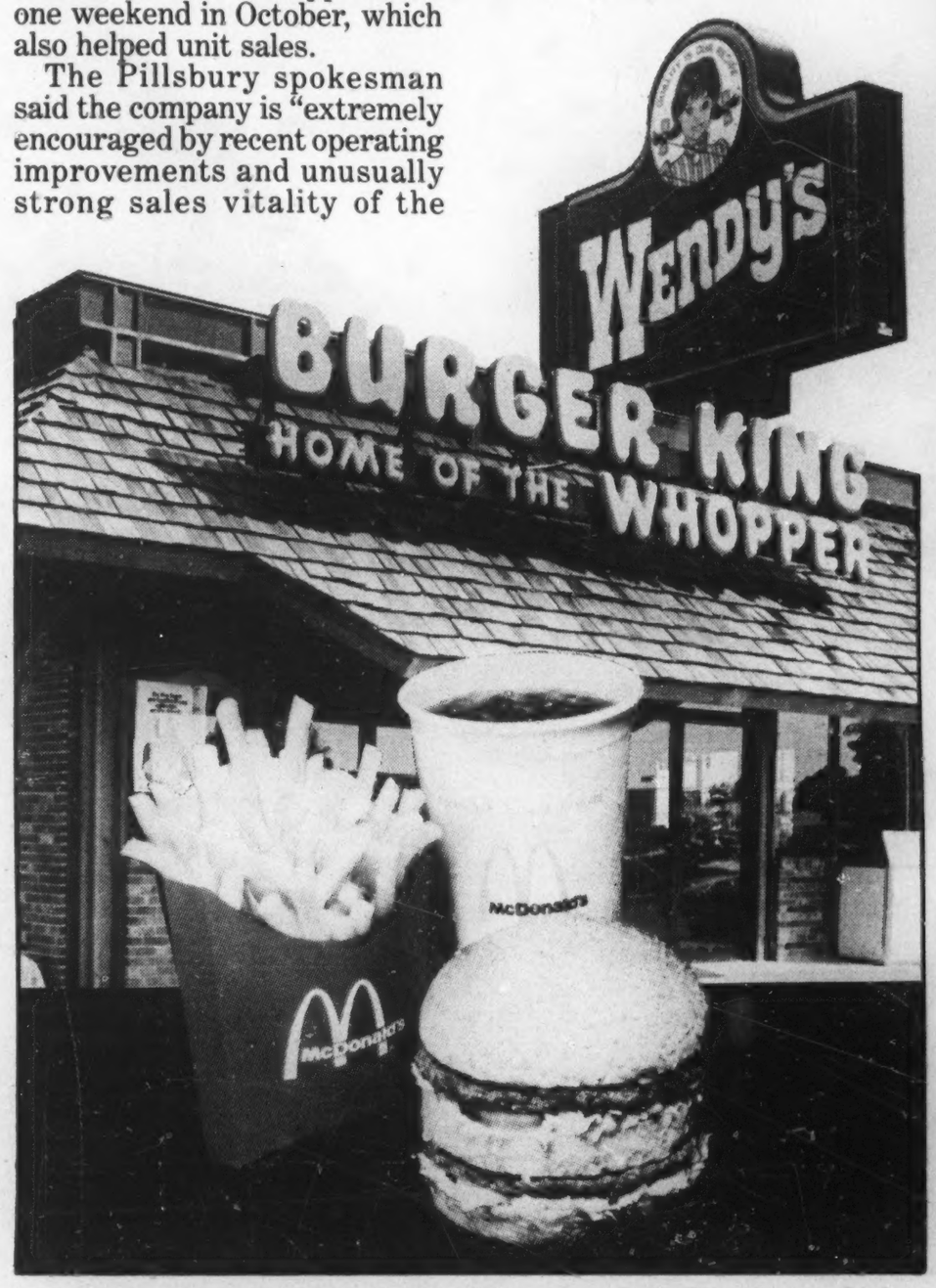
That ad campaign began on Sept. 27 and generated an unprecedented amount of publicity for Burger King and other chains in the fast-food hamburger segment. Burger King also ran a 2 for 1 Whopper offer one weekend in October, which also helped unit sales.

The Pillsbury spokesman said the company is "extremely encouraged by recent operating improvements and unusually strong sales vitality of the Burger King system."

The "writedown of assets," as the restaurant closings are called, "will significantly enhance the operating prospects of this business during the current fiscal year and beyond," he said.

The decision to close the restaurants was made after Pillsbury conducted its own studies which showed such a move was "an essential step . . . to strengthen Burger King."

Burger King's average unit sales at the start of the current fiscal year in June were $751,000.




**With the end of the 'battle of the burgers,' the big three chains are looking to new strategies to boost sales.**

# Armistice declared in burger war

NEW YORK—One of the strangest and noisiest episodes in food-service advertising history is coming to a close at the end of this month as McDonald's, Burger King and Wendy's lick their wounds and try to figure out what impact, if any, the highly publicized "battle of the burgers" had on sales.

All three chains, meanwhile, reportedly are putting the finishing touches on 1983 advertising strategies. Burger King will continue its successful "Aren't You Hungry?" campaign and has not ruled out the use of additional taste-test comparisons. McDonald's will use as its theme, "Together, McDonald's and you," and Wendy's is continuing its "You're Wendy's kind of people" theme.

Advertising strategies of the three burger chains this fall have concentrated on product quality and taste—specifically the quality and taste of their hamburgers. Fast-feeders have been criticized in some quarters for menu diversification and burger chains in particular have been scored for paying more attention to new menu items than to burgers.

Burger King, which spent two years developing and promoting specialty sandwiches and other products, has been concentrating on its broiled burgers this year through its "Aren't You Hungry?" campaign; sales in the first fiscal quarter covering the summer months were up 5%-6%.

McDonald's, which has spent millions in the last two years on sweepstakes and giveaways and promoting new items such as Chicken McNuggets and McRibs, has switched direction in recent months with ads emphasizing hamburger quality. In its most recent ads, customers including well-known personalities make a pitch for McDonald's burgers.

"You're Wendy's kind of people" ads focus on young adults enjoying Wendy's hamburgers. Earlier Wendy's ads mentioned newer menu items.

Burger King touched off the so-called burger wars on Sept. 27 when it began airing controversial television commercials that claimed its Whopper beat McDonald's Big Mac and a similar Wendy's product in national taste tests.

# Marriott gives Cash food management reins

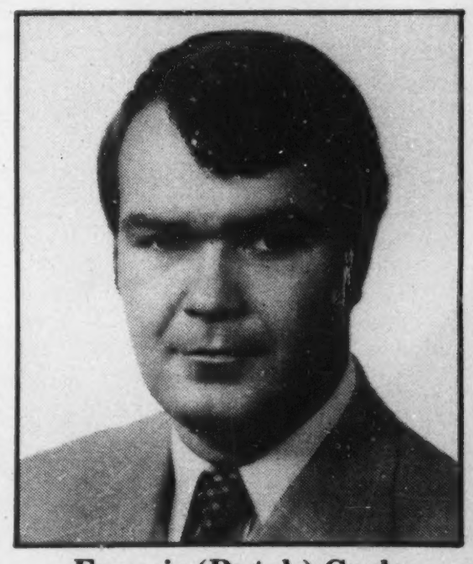
BETHESDA, Md.—Francis W. (Butch) Cash, the 40-year-old Marriott executive credited with positioning the company's Roy Rogers fast-food chain for its current expansion drive, has been given the added responsibility for Marriott's food-service management division.

Cash retains his title as senior vice president and will continue to be responsible for Roy Rogers and Marriott's procurement and distribution operations. (Marriott is the subject of the annual company profile in this issue's Focus section.)

This is the latest of several executive changes in the company's contract food-services group which includes food-service management and airline catering. In late October Gary L. Wilson, Marriott's chief financial officer and corporate senior vice president, was given the added responsibilities of directing in-flight catering.

J. Robert Schultz was named senior vice president in charge of market expansion for the in-flight catering division.

Contract food services overall has been hit hard by the recession. Operating profits have been up slightly this year but after factoring out contributions from the Host division, acquired by Marriott last spring, the group's operating income actually is off an estimated 7%-10%.



**Francis (Butch) Cash**

Most of the company's trouble comes from its domestic and international airline catering operations. Cash, however, is responsible for food-service management which has picked up 49 new accounts this year and expects to boost profits 25% over 1981.

Marriott's food-service management division provides food service to 260 hospitals, colleges and businesses.

Cash joined Marriott in 1974 as vice president and controller.

## FINANCIAL NEWS

# Holiday Inns weathers stormy third quarter

MEMPHIS—Holiday Inns Inc., trying to find a silver lining in a dark financial cloud, has pointed to improved customer counts at Perkins restaurants and the "stellar performance" of Harrah's Marina hotel-casino in Atlantic City, N.J., during an otherwise bleak third quarter.

In the quarter ended Oct. 1, profits dropped 82.5% to $10.1 million on a 1.1% revenue rise to $394.2 million compared to the same period a year earlier. For the first nine months of 1982, profits were off 47.6% to $65.1 million on a 6.2% revenue rise to about $1 billion.

Income from continuing operations was $38.7 million in the third quarter, down from $50.4 million a year earlier, and $87.3 million for the nine months, down from $93.5 million in 1981.

Discontinued operations showed a $28.6 million net loss in the third quarter, which included a provision for the estimated loss on the sale of Delta Steamships, a Holiday Inn subsidiary.

Michael D. Rose, president and chief executive, blamed the company's poor performance on "the ongoing economic slump" but noted positive signs in the third quarter, including increasing leisure travel hotel occupancy, improvement in customer counts at Perkins family restaurants and high sales and profits at Holiday Inn's Harrah's Marina.

Holiday Inns owns, manages and franchises about 1,800 hotels worldwide; the Perkins' family restaurant chain and Harrah's hotel-casinos in New Jersey and Nevada.

Hotel group operating income was off in the third quarter, Rose said, because there were no property dispositions as there were in 1981's third quarter. Also, there were fewer roomnights available due to property dispositions in 1981 and price increases were held down despite higher operating costs.

Earnings at Perkins declined in the third quarter because of a $1.9 million provision for loss on the sale of nine restaurants that did not meet return-on-investment standards, Rose said. Excluding that provision, Perkins registered a slight earnings improvement.

## S. E. Rykoff to acquire International Foodservice

LOS ANGELES—S. E. Rykoff & Co. has signed an agreement to purchase the business and certain assets of the Fresno, Calif., operation of International Foodservice, a division of Acton Foodservices Corp.

Roger W. Coleman, Rykoff president and ceo, said the transaction is expected to become effective sometime this month. Terms were not disclosed. Coleman indicated the acquired operation has annual sales in excess of $9 million.

S. E. Rykoff & Co., based here, had earnings of $1 million on sales of $82.9 million for the first quarter of the current fiscal year ended July 31. Last year the company's earnings were up 11% to $6.4 million on sales of $333 million. Established in 1911, Rykoff serves restaurants and institutions with a full range of food-service products.

# Food-service chain stock analysis table

| Name | Symbol | STOCK PRICE: Two Weeks Ended Nov. 18 High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | TREND TO MARKET: Price Trend (% per day) Last 30 Days | Price Trend Last 5 Days | Volume Trend (% per day) Last 30 Days | Volume Trend Last 5 Days | EARNINGS/SHARE: Last Fiscal Year | Latest 12 Months vs Preceding 12 Months Change Amt. | Change Pct. | 5-Year Annual Growth Rate | Profit Margin | P/E: Latest P/E Ratio | DIVIDENDS: Indicated Dvd. Rate Amt. | Yield | Last X-Dvd. Date | FINANCIAL POSITION: Last Fiscal Year Revenue | Earnings | Current Ratio | Last Fiscal Year (Per Share) Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Aca Los A Res | ALAR | 7.88 | 6.88 | 7.75 | .88 | 12.73 | 7.88 | 3.50 | 1.13 | .09 | 5.93 | -38.02 | .47 | -.43 N | -95.5 | -25.0 | 4.3 | 387.5 | .00 | .0 | 01-06-81 | 27.7 | 1.2 | 2.4 | 5.69 | 2.90 | 1081 |
| Am Motor Inns | INN | 27.38 | 24.88 | 25.88 | -.38 | -1.43 | 27.38 | 12.00 | .53 | .53 | 1.40 | 10.31 | 2.17 | .44 F | 25.4 | 35.0 | 7.0 | 11.9 | .22 | .9 | 08-10-82 | 142.3 | 8.9 | 1.5 | 15.62 | 10.87 | 0781 |
| ARA Services | ARA | 34.13 | 32.50 | 33.00 | -1.00 | -2.94 | 36.00 | 23.50 | -.37 | .48 | 1.67 | -43.48 | 4.00 | -1.28 N | -27.0 | -2.0 | 1.5 | 9.5 | 2.00 | 6.1 | 08-26-82 | 2915.9 | 45.1 | 1.2 | 21.04 | 44.21 | 0981 |
| Assoc Hosts | AHST | 7.00 | 6.13 | 7.00 | .63 | 9.80 | 7.00 | 4.88 | .62 | 1.18 | 2.84 | 27.66 | .66 | -.01 N | -1.5 | -10.0 | 2.6 | 11.1 | .12 | 1.7 | 09-07-82 | 79.9 | 2.1 | 1.5 | 6.40 | 7.04 | 0981 |
| Beefsteak Char | BSCC | 7.00 | 5.75 | 6.88 | 1.50 | 27.91 | 7.00 | 2.88 | .78 | 1.75 | 8.32 | -21.58 | .62 | .16 N | 25.3 | 33.0 | 2.4 | 8.7 | .00 | .0 | 00-00-00 | 86.2 | 2.1 | 1.2 | 1.49 | 3.09 | 1081 |
| Bob Evans Farms | BOBE | 29.50 | 28.75 | 29.50 | .75 | 2.61 | 29.50 | 18.63 | .35 | 1.06 | -.17 | 2.47 | 1.45 | .20 Q | 16.0 | 24.0 | 7.9 | 20.3 | .40 | 1.4 | 11-05-82 | 173.4 | 13.7 | 1.7 | .00 | 6.90 | 0482 |
| Bonanza Intl Inc | BNZA | 2.75 | 2.25 | 2.75 | .38 | 15.79 | 2.75 | 1.06 | .99 | 3.49 | 9.18 | -12.69 | -3.33 | -.69 N | NE | -62.0 | -61.8 | NE | .00 | .0 | 00-00-00 | 24.1 | -14.9 | 1.2 | 11.24 | 1.50 | 1281 |
| Brock Hotel Cp | BHC | 12.75 | 10.38 | 11.00 | .50 | 4.76 | 17.50 | 8.00 | -.41 | -1.46 | -2.60 | -21.27 | .59 | .30 N | 73.1 | 23.0 | 4.3 | 15.5 | .10 | .9 | 09-27-82 | 165.1 | 7.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 10.50 | 10.00 | 10.50 | .25 | 2.44 | 11.75 | 7.16 | -.53 | 1.91 | -2.24 | 57.41 | 1.11 | .13 S | 13.4 | 6.0 | 3.3 | 9.5 | .12 | 1.1 | 11-24-82 | 37.0 | 1.2 | .6 | 1.51 | 2.27 | 0282 |
| Carrols Develop | CRL | 10.25 | 8.75 | 9.50 | -.50 | -5.00 | 10.63 | 4.13 | .98 | -.18 | 1.56 | 2.54 | .66 | .52 Q | 126.8 | 21.0 | 1.9 | 10.2 | .09 | .9 | 12-24-81 | 68.6 | 1.3 | .6 | 9.82 | 5.99 | 0582 |
| Chart House | CHHO | 28.13 | 25.88 | 26.75 | -.88 | -3.17 | 28.13 | 15.88 | .41 | .74 | .79 | -17.91 | 2.03 | .16 N | 8.2 | 13.0 | 5.0 | 12.7 | .60 | 2.2 | 09-24-82 | 353.9 | 17.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 27.00 | 25.38 | 26.88 | 1.25 | 4.88 | 27.00 | 11.09 | .38 | .85 | -.74 | 6.55 | .55 | .22 Q | 55.0 | 26.0 | 11.1 | 43.3 | .00 | .0 | 06-28-82 | 14.9 | 2.1 | 3.1 | 1.10 | 1.23 | 0481 |
| Ch Full O Nut | CHF | 15.00 | 12.63 | 13.75 | -.50 | -3.51 | 18.25 | 9.25 | -.91 | -.02 | -.78 | 53.49 | .34 | -.32 F | -48.4 | 15.0 | 1.4 | 40.4 | .40 | 2.9 | 07-01-82 | 118.7 | 3.2 | 3.4 | .80 | 5.42 | 0781 |
| Churchs Fr Ch | CHU | 39.88 | 38.00 | 39.75 | .50 | 1.27 | 40.38 | 25.00 | .07 | 1.62 | -3.71 | 44.88 | 3.52 | -.06 N | -1.7 | 16.0 | 10.8 | 11.6 | 1.00 | 2.5 | 10-25-82 | 412.1 | 44.6 | 1.9 | 1.02 | 15.25 | 1281 |
| Cindys Inc | CNDYC | 3.63 | 3.50 | 3.50 | .00 | .00 | 3.88 | 2.63 | -.60 | 1.25 | -.12 | 12.54 | -.06 | 1.37 F | NE | NE | -.6 | NE | .00 | .0 | 00-00-00 | 17.0 | -.1 | .0 | 7.17 | .29 | 1281 |
| Collins Foods | CF | 20.88 | 17.25 | 19.63 | .00 | .00 | 20.88 | 8.53 | .11 | .37 | .38 | 33.37 | 1.69 | .57 Q | 43.8 | 15.0 | 3.2 | 10.5 | .24 | 1.2 | 09-24-82 | 298.0 | 9.6 | 1.3 | 7.44 | 10.69 | 0482 |
| Consul Corp | CNSL | 9.63 | 8.88 | 9.25 | .25 | 2.78 | 9.63 | 5.25 | .08 | -.04 | .40 | 4.36 | .00 | -.08 Q | -88.8 | NE | .0 | 925.0 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 17.25 | 16.25 | 16.50 | .25 | 1.54 | 17.25 | 7.25 | .60 | .20 | 1.29 | -34.66 | 1.03 | .03 F | 3.0 | 19.0 | 3.7 | 16.0 | .00 | .0 | 00-00-00 | 35.4 | 1.3 | 1.9 | 5.35 | 6.69 | 0782 |
| Dennys Inc | DEN | 35.50 | 31.00 | 32.75 | -2.38 | -6.76 | 35.50 | 18.34 | .29 | -.37 | -3.03 | -9.33 | 2.47 | .40 Q | 18.6 | 9.0 | 3.9 | 12.8 | .64 | 2.0 | 12-07-82 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 28.25 | 26.25 | 26.50 | -.50 | -1.85 | 28.25 | 11.13 | .42 | -.75 | -.12 | 14.95 | 1.82 | .25 N | 14.0 | 19.0 | 8.3 | 13.1 | .36 | 1.4 | 08-09-82 | 68.7 | 5.7 | 1.3 | 11.44 | 10.61 | 1081 |
| Frischs | FRS | 13.50 | 12.00 | 12.88 | .38 | 3.00 | 13.50 | 7.38 | .73 | -.03 | -2.88 | -6.79 | 1.87 | .11 Q | 6.5 | 16.0 | 3.8 | 7.2 | .40 | 3.1 | 11-29-82 | 101.0 | 3.8 | 1.5 | 6.48 | 14.12 | 0582 |
| Hambrg Hamlet | HAMB | 5.75 | 5.75 | 5.75 | .00 | .00 | 8.25 | 5.00 | -.37 | .77 | .13 | 10.53 | 1.35 | .60 Q | 111.1 | -9.0 | 3.2 | 5.0 | .00 | .0 | 00-00-00 | 31.6 | 1.0 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.50 | 1.25 | 1.25 | -.38 | -23.08 | 4.38 | 1.25 | -1.23 | -2.72 | -4.60 | -16.00 | -2.22 | -5.08 N | -336.8 | -63.0 | -11.4 | NE | .00 | .0 | 00-00-00 | 30.6 | -3.5 | 1.4 | 18.38 | 8.12 | 0981 |
| Hilton Hotels | HLT | 48.75 | 44.50 | 44.75 | -2.38 | -5.04 | 49.00 | 27.63 | .52 | -.95 | -2.55 | 28.10 | 4.22 | -.65 N | -15.7 | 20.0 | 20.9 | 12.9 | 1.80 | 4.0 | 08-30-82 | 539.3 | 112.6 | 2.0 | 4.48 | 19.98 | 1281 |
| Holiday Inns | HIA | 38.75 | 33.75 | 35.75 | -1.38 | -3.70 | 38.75 | 23.75 | -.24 | .39 | -2.59 | 1.00 | 3.66 | .57 N | 20.1 | 22.0 | 7.8 | 10.5 | .80 | 2.2 | 09-13-82 | 1765.1 | 137.4 | .8 | 20.99 | 25.33 | 1281 |
| Holiday Inns A | HIA A | 55.00 | 51.25 | 51.25 | -4.25 | -7.66 | 55.50 | 36.00 | -.27 | -1.28 | -9.10 | 50.00 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 25.00 | 21.00 | 22.75 | .75 | 3.41 | 25.00 | 9.22 | .49 | .21 | 1.66 | -17.70 | .95 | .05 N | 5.5 | 30.0 | 2.7 | 23.9 | .00 | .0 | 09-27-82 | 166.1 | 4.5 | 1.7 | 11.45 | 6.30 | 1281 |
| Hungry Tiger | HTIG | 7.75 | 6.66 | 7.75 | 1.25 | 19.23 | 7.75 | 4.00 | .08 | 3.95 | 6.42 | -23.91 | .78 | .11 F | 16.4 | 43.0 | 3.8 | 9.9 | .00 | .0 | 08-24-81 | 49.9 | 1.6 | .8 | 3.89 | 2.73 | 0881 |
| Imperial Grp | IMT | 2.00 | 1.88 | 1.88 | -.06 | -3.23 | 2.00 | 1.19 | -.03 | .00 | .07 | -20.69 | .24 | .00 F | .0 | 2.0 | 2.0 | 7.8 | .14 | 7.5 | 09-28-82 | 8462.9 | 171.0 | 1.1 | .65 | 2.08 | 1081 |
| Intl Dairy Queen | INDQ | 22.75 | 21.00 | 22.75 | 2.50 | 12.35 | 22.75 | 9.25 | .61 | 1.69 | .11 | -22.36 | 1.72 | .44 N | 27.1 | 36.0 | 6.1 | 11.0 | .00 | .0 | 00-00-00 | 91.3 | 5.6 | 1.1 | 9.68 | 5.82 | 1181 |
| Int King Tab | IKNG | 7.63 | 6.50 | 7.25 | .75 | 11.54 | 7.63 | 1.75 | 1.24 | -.23 | 5.37 | 6.90 | .33 | 1.22 Q | NE | -21.0 | 1.4 | 15.1 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 9.88 | 9.38 | 9.63 | .25 | 2.67 | 9.88 | 3.50 | .64 | -.25 | 1.43 | -9.36 | .63 | .29 N | 53.7 | 1.0 | 3.0 | 11.6 | .16 | 1.7 | 10-29-82 | 36.4 | 1.1 | .9 | 5.18 | 5.01 | 0981 |
| Jerrico Inc | JERR | 29.38 | 27.13 | 29.38 | 1.88 | 6.82 | 29.38 | 15.63 | .45 | 1.56 | -.10 | 17.75 | 1.75 | -.12 Q | -6.6 | 23.0 | 5.1 | 17.4 | .12 | .4 | 11-05-82 | 425.5 | 21.8 | .9 | 3.64 | 11.24 | 0682 |
| Kapok Tr Inns | KTI | 3.75 | 3.50 | 3.75 | .13 | 3.45 | 4.50 | 3.00 | .24 | 1.74 | -.34 | -37.95 | -.24 | -.17 N | NE | -31.0 | -2.9 | NE | .00 | .0 | 00-00-00 | 13.8 | -.4 | 3.1 | 1.93 | 5.84 | 0981 |
| Kelly Johnston | KEJO | 18.13 | 17.25 | 17.25 | -.50 | -2.82 | 18.13 | 9.16 | .57 | -.38 | -1.63 | -29.86 | .59 | .18 Q | 42.8 | 115.0 | 8.4 | 28.8 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 21.50 | 18.88 | 20.00 | .63 | 3.23 | 21.50 | 8.88 | .25 | -.65 | -2.86 | -16.07 | 1.51 | 1.69 S | NC | 16.0 | 3.4 | 11.8 | .00 | .0 | 00-00-00 | 200.6 | 6.9 | 1.9 | 6.43 | 8.34 | 0182 |
| Lubys Cafe | LUB | 38.25 | 35.00 | 35.38 | -1.00 | -2.75 | 38.25 | 24.50 | .48 | -.01 | .57 | -16.80 | 1.69 | .24 F | 16.5 | 23.0 | 9.0 | 20.9 | .60 | 1.7 | 12-13-82 | 108.2 | 9.8 | 1.1 | .90 | 5.98 | 0881 |
| Marcus Corp | MRCS | 9.00 | 8.13 | 9.00 | 1.13 | 14.29 | 9.00 | 5.00 | .63 | 1.21 | 1.41 | -24.19 | 1.13 | -.03 Q | -2.5 | 4.0 | 5.7 | 7.9 | .00 | .0 | 08-24-81 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 55.50 | 52.75 | 53.75 | -1.88 | -3.37 | 58.88 | 32.00 | .26 | .43 | -.81 | -26.59 | 3.20 | .29 N | 9.5 | 29.0 | 4.3 | 16.1 | .30 | .6 | 09-20-82 | 2000.3 | 86.1 | .9 | 23.23 | 16.12 | 1281 |
| McDonalds Cp | MCD | 64.25 | 57.75 | 61.25 | -3.50 | -5.41 | 65.63 | 38.69 | .04 | -.28 | -2.49 | 10.77 | 4.36 | .65 N | 15.4 | 18.0 | 10.7 | 12.6 | .88 | 1.4 | 10-15-82 | 2477.2 | 264.8 | .5 | 15.35 | 22.73 | 1281 |
| Morrison Inc | MORR | 15.88 | 14.38 | 15.00 | -.75 | -4.76 | 15.88 | 8.13 | .22 | -.78 | -1.19 | 7.93 | 1.16 | .28 Q | 29.1 | 8.0 | 4.1 | 12.1 | .36 | 2.4 | 10-08-82 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 2.75 | 2.13 | 2.13 | -.50 | -19.05 | 3.38 | 1.75 | -.02 | -6.36 | 2.18 | -6.14 | .22 | -.47 N | -293.7 | -23.0 | .5 | NE | .00 | .0 | 05-29-80 | 55.7 | .3 | 1.4 | 3.45 | 4.70 | 0981 |
| Nathans Famous | NATH | 1.38 | 1.06 | 1.06 | -.13 | -10.53 | 1.78 | .59 | .19 | -4.34 | 6.88 | -22.83 | .03 | .79 Q | NE | NE | .6 | 26.6 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles Inc | NAUG | 18.00 | 14.50 | 17.50 | 3.00 | 20.69 | 18.00 | 6.84 | .34 | .27 | -3.05 | -11.71 | .78 | .65 F | 500.0 | 28.0 | 3.9 | 22.4 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 14.00 | 14.00 | 14.00 | .00 | .00 | 14.00 | 9.00 | .00 | .85 | .86 | 71.11 | 1.74 | -.83 N | -47.9 | 3.0 | 1.3 | 15.6 | .32 | 2.3 | 09-13-82 | 133.4 | 1.7 | .8 | 5.60 | 13.02 | 0981 |
| Orange-co | OJ | 5.63 | 5.00 | 5.38 | -.13 | -2.27 | 11.38 | 4.63 | -.52 | 2.76 | 1.25 | -42.59 | -.20 | -1.25 F | -119.0 | 22.0 | -.8 | NE | .20 | 3.7 | 02-22-82 | 76.2 | 4.1 | 1.9 | 10.24 | 7.21 | 0881 |
| Piccadilly Caf | PICC | 16.00 | 15.88 | 15.88 | -.13 | -.78 | 18.13 | 13.50 | -.27 | .55 | .42 | 2.04 | 1.39 | .03 Q | 2.2 | 13.0 | 5.9 | 11.5 | .56 | 3.5 | 12-09-82 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 7.25 | 6.50 | 6.75 | .13 | 1.89 | 7.38 | 4.50 | .62 | -.44 | 1.84 | 20.09 | .50 | -.09 S | -15.2 | -7.0 | 1.0 | 13.5 | .00 | .0 | 00-00-00 | 133.5 | 1.4 | .9 | 12.94 | 6.65 | 1281 |
| Pizza Time Thea | CHKY | 21.50 | 18.00 | 21.00 | 2.25 | 12.00 | 32.50 | 14.25 | .64 | .43 | 2.10 | -3.67 | .58 | .78 N | 229.4 | 42.0 | 7.2 | 18.8 | .00 | .0 | 00-00-00 | 36.2 | 2.6 | 3.2 | .81 | 7.87 | 1281 |
| Ponderosa Sys | PON | 26.50 | 22.63 | 26.00 | .50 | 1.96 | 26.75 | 12.00 | .00 | 2.21 | -3.88 | 29.93 | 2.01 | .95 S | 78.5 | -8.0 | 2.4 | 12.0 | .50 | 1.9 | 09-21-82 | 353.9 | 8.5 | 1.0 | 19.96 | 16.83 | 0282 |
| Ramada Inns | RAM | 6.50 | 5.75 | 5.88 | -.25 | -4.08 | 7.38 | 4.25 | .55 | -.79 | .01 | -.84 | .05 | -.60 N | -272.7 | -24.0 | .4 | NE | .00 | .0 | 10-19-81 | 395.5 | 1.4 | .6 | 18.98 | 6.03 | 1281 |
| Restaur Assc | RA | 7.50 | 5.88 | 6.00 | -1.25 | -17.24 | 7.50 | 3.25 | 1.39 | -1.66 | 4.42 | 3.52 | .97 | -.32 N | -32.6 | 42.0 | 2.4 | 9.1 | .00 | .0 | 00-00-00 | 99.2 | 2.4 | 1.3 | 3.17 | 6.38 | 1281 |
| Saga Corp | SGA | 43.13 | 38.00 | 39.75 | 1.50 | 3.92 | 43.13 | 16.75 | .56 | -.51 | 3.97 | -22.60 | 3.35 | .90 Q | 34.8 | 40.0 | 1.9 | 11.4 | .56 | 1.4 | 11-15-82 | 901.0 | 16.8 | .9 | 8.51 | 17.72 | 0682 |
| Sea Galley | SEAG | 8.38 | 8.00 | 8.13 | .00 | .00 | 10.63 | 6.75 | -.10 | .63 | -.69 | -22.70 | .68 | -.17 N | -24.6 | 45.0 | 4.5 | 15.6 | .00 | .0 | 06-02-81 | 49.0 | 2.2 | 1.8 | 2.38 | 4.99 | 1281 |
| Servico Inc | SRVI | 13.00 | 11.50 | 12.00 | .75 | 6.67 | 13.00 | 6.81 | .71 | -.96 | 1.71 | -19.81 | 1.54 | -.82 S | -41.8 | 74.0 | 3.5 | 10.5 | .00 | .0 | 07-09-82 | 126.4 | 4.4 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 25.38 | 25.00 | 25.00 | -.38 | -1.48 | 25.38 | 12.63 | .25 | .39 | -2.14 | -1.26 | 1.03 | .25 N | 25.7 | 21.0 | 5.5 | 20.5 | .16 | .6 | 09-28-82 | 269.4 | 14.8 | 1.0 | 1.97 | 5.03 | 1081 |
| Skippers | SKIP | 6.75 | 6.75 | 6.75 | -.75 | -10.00 | 7.50 | 4.25 | -.05 | .80 | 3.44 | 32.71 | .73 | -.46 N | -46.0 | 4.0 | 3.0 | 12.5 | .08 | 1.2 | 10-18-82 | 33.7 | 1.0 | 1.2 | 3.45 | 6.07 | 1281 |
| Sonesta Hotel | SNSTZ | 13.50 | 13.50 | 13.50 | .00 | .00 | 14.00 | 8.50 | -.21 | .80 | 9.32 | -39.21 | .94 | -.70 N | -40.2 | 39.0 | 1.4 | 13.0 | .20 | 1.5 | 06-25-82 | 145.0 | 2.1 | .9 | 27.74 | 10.01 | 1281 |
| So Hospitality | SHOS | 2.25 | 2.25 | 2.25 | .13 | 5.88 | 2.25 | 1.00 | 1.37 | .90 | -1.66 | -50.90 | .14 | .16 Q | NC | 21.0 | 2.5 | 14.1 | .00 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 2.75 | 2.63 | 2.75 | .13 | 4.76 | 3.00 | 2.50 | -.53 | 1.02 | 3.82 | 22.89 | .06 | -.15 N | -62.5 | -32.0 | .5 | 30.6 | .00 | .0 | 05-17-79 | 56.5 | .3 | 1.2 | 4.60 | 2.60 | 0981 |
| Victoria Stations | VSTA | 5.50 | 5.00 | 5.25 | -.25 | -4.55 | 11.00 | 5.00 | -.61 | 1.94 | .15 | 21.84 | .35 | .58 S | NE | -38.0 | 1.0 | NE | .00 | .0 | 09-19-79 | 123.4 | 1.2 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 24.38 | 21.00 | 21.88 | -1.38 | -5.91 | 24.38 | 12.25 | .24 | -1.34 | -1.73 | 6.88 | 1.52 | .15 N | 10.0 | 18.0 | 7.6 | 13.3 | .36 | 1.6 | 10-29-82 | 486.6 | 36.9 | .6 | 3.84 | 7.89 | 1281 |
| Webb Del E | WBB | 11.25 | 9.13 | 10.00 | .75 | 8.11 | 11.25 | 4.88 | 1.45 | -.90 | 4.12 | -15.89 | .56 | .81 N | NE | -24.0 | 1.3 | 18.2 | .00 | .0 | 11-07-80 | 414.8 | 5.3 | 1.1 | 16.12 | 13.25 | 1281 |
| Winners Cp | WNER | 14.63 | 13.75 | 14.13 | .13 | .89 | 14.63 | 6.38 | .45 | -.24 | -1.35 | -5.73 | .67 | .84 N | NC | 6.0 | 2.1 | 16.8 | .00 | .0 | 00-00-00 | 72.7 | 1.5 | .3 | 13.37 | 7.09 | 1281 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

# FINANCIAL NEWS

## Disney's net drops 18% in fiscal '82

BURBANK, Calif.—Walt Disney Productions reported net income for fiscal 1982 ended Sept. 30 dropped 18% to $100.1 million compared to year-ago results.

Revenues for the year were up 3% to $1.03 billion.

In the fourth quarter profits decreased 25% to $28.1 million and revenues were down 4% to $295 million.

Attendance dropped at both Disneyland in Anaheim, Calif., and Walt Disney World in Lake Buena Vista, Fla. The drop at Disney World was 5%, to 12.6 million, and at Disneyland it was 8%, to 10.4 million.

But the company reported that operating profits for that group went up about 2.4% to $132.6 million. This was due to higher admission prices.

One reason for the drop in overall profits, the company said, was a 55% decrease in interest income, to $14.8 million. That resulted from expenditures on the Epcot Center in Florida, which cost nearly $1 billion and opened in October. Company officers are hopeful that Epcot will help draw some 20 million visitors to the Disney complex in Florida.

Another major reason for the decline in profits, Disney said, was the "disappointing performance" of three feature films released by the company during the year, including the computer fantasy *Tron*. Operating profits for the movie division fell 72% to $8.4 million.

### EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Disney | 12 mos.<br>13 wks. | 9/30 | | | $ 1.03B<br>295.000 | 3.0<br>(4.0) | $100.100<br>28.100 | (18.0)<br>(25.0) |
| Resorts International | 13 wks.<br>39 wks. | 10/3 | | | 102.985<br>301.309 | 2.8<br>9.0 | 13.426<br>15.779 | 33.6<br>497.0 |
| Garcia's of Scottsdale | 13 wks.<br>9 mos. | 10/10 | | | 5.489<br>19.211 | 75.9<br>69.2 | (209,000)<br>568,000 | <br>28.4 |
| Nathan's Famous Inc. | 13 wks.<br>26 wks. | 10/26 | | | 5.542<br>10.425 | 6.4<br>36.1 | $549,794<br>$908,246 | 62.0<br>36.0 |
| Kelly-Johnston Ent. | 13 wks.<br>36 wks. | 9/26 | | | 10.014<br>18.294 | 41.0<br>38.7 | $622,230<br>1.120 | 70.8<br>81.5 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

## Marcus Corp.'s first-qtr. profits off slightly

MILWAUKEE—The Marcus Corp., operator of hotels, movie theaters and restaurants, including 39 Big Boys, said its net income for the first quarter, ended Aug. 31, was $2.26 million, down nearly 1% from last year's comparable period.

Revenues for the first 12 weeks of fiscal 1983 rose by about $250,000, to $27.9 million.

The company owns and operates 84 movie theaters, a total of 112 restaurants, 2 bowling centers, 14 Marc's Budgetel Inns, 1 Guest House Inn, the Pfister Hotel, the Marc Plaza Hotel and the Sheraton Mayfair Inn. Of the 112 restaurants, about half are food and beverage operations located in the various hotel properties, according to a company spokesman.

In fiscal 1982, the Milwaukee-based company reported income of $5.9 million.

## *Third-qtr. profits decline at Sea Galley*

MOUNTLAKE TERRACE, Wash.—Sea Galley Stores Inc. has reported a 36% decrease in profits for the third quarter ended Sept. 30. Net income in the quarter was $376,000 on sales of $18.4 million, compared to $586,000 on sales of $14.8 million in the same period a year ago.

For the first nine months this year sales are up 43% to $51.6 million but income is down 9% to $1.5 million.

Last year, when profits were up 74% over 1980, Sea Galley grew at the rate of about one new unit per month. The company then also bought the 31-unit Family Fish chain in Maryland, sold 21 of the units, and converted five to Sea Galleys. Late in this year's third quarter the company closed two of the remaining five stores, leaving it 45 units in all.

Sea Galley's financial results so far this year reflect the soft economy of its primary market in the Pacific Northwest, the company said. As the regional downturn affects the restaurant business in general it has had an adverse impact on the company's narrower margins in sales to competitors from its food-service distribution subsidiary, sources report.

"We believe that significant upturn in our primary market will not occur until next year," president and chairman Steven Dowen said. "With economic and normal seasonal sales improvement in early 1983 our operating leverage would provide a return to greater profitability, but for the short term we anticipate continued pressure on earnings."

Operation of seven units of the Family Fish group which the company sold last year and tried to repossess in September has now been assumed by a trustee while the defaulting purchaser has been involuntarily placed in Chapter XI by creditors.

## Poncho's shows '82 profit surge

FORT WORTH—A strong fourth quarter helped boost Pancho's Mexican Buffet Inc., the operator of 31 dinnerhouses, to a 31% increase in net profits to $826,900 for the fiscal year ended Sept. 30, according to Hollis Taylor, the company's president and chief executive officer.

Sales for the company, formerly known as Pamex Foods Inc., increased 12% to $24.2 million during the year.

Net profit for the fourth quarter ended Sept. 30 jumped 92% to $202,204

The company operates dinnerhouses under three names: Pancho's Mexican Buffet, Spanish Galleon Seafood Restaurant and Emiliano's.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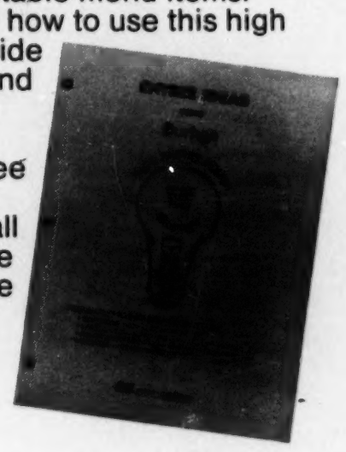

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## Sandwich Chef first-qtr. profits increase 12%

BIRMINGHAM, Ala.—Sandwich Chef, operator of 167 deli-style sandwich shops in five states, said that profits for the first quarter ended Oct. 2 climbed 12% to $215,421, over the comparable period last year.

Sales for the quarter went up to $4,687,592, an increase of 19% over 1981's first quarter.

Alan V. Kaufman, president, stated: "Our sales growth reflects continued increases from units with our new potato and hotdog bars. During the quarter we expanded this concept into 16 additional units."

The statement continued: "In addition to the expanded units, we opened three new stores, sold two marginal units, and closed two at the end of their leases."

Sandwich Chef completed the sale of 255,000 shares of common stock at $11 a share in late September. The company said that the $2.8 million realized from the sale would be used to repay bank loans, construct new units, install potato and hotdog bars in selected units, and pay stock-offering expenses.

## *Southern Hospitality Corp. soars with 154% gain in first-qtr. net*

NASHVILLE—Southern Hospitality Corp. reported profits for the first quarter ended Aug. 31 increased 154% to $191,820 over the comparable period last year.

Sales for the first quarter were up 11% over last year's figure to $5,487,801.

R. Wayne Oldham, chairman and chief executive officer attributed the improved sales and earnings to higher operating margins from company-operated Wendy's and Ireland's restaurants, and the new Tempo's restaurant which opened in October 1981.

Southern Hospitality operated 21 Wendy's during the first quarter this year compared with 19 units during the same quarter last year.

The corporation currently owns 22 Wendy's, three Ireland's, and one Tempo's, all in the Nashville area. On Sept. 3, stockholders approved the purchase of 12 Mr. Gatti's restaurants.

## Saga reports bullish first quarter

MENLO PARK, Calif.—Saga Corp. has continued to take advantage of improved management controls and slowing inflation in its first quarter ended Sept. 25, posting a 33% increase in net income to $2.8 million on a 7% boost in revenues.

The income gain was achieved on revenues of $206 million, up from $194 million in last year's first quarter.

Charles A. Lynch, chairman and ceo, said, "We are very pleased with our first quarter performance which represents a continuation of the trend begun in prior years.

"The generally poor business conditions throughout the country and the declining rate of inflation were reflected in lower customer counts in our restaurant divisions and slower revenue growth in our contract food-service divisions.

"However, earnings continued to show strong improvement."


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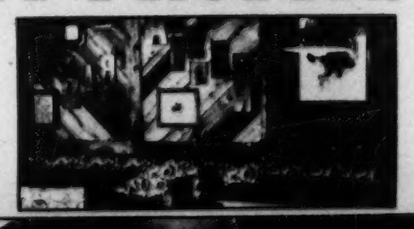

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# Industry reeling from '82 results

By Joe Edwards

BALTIMORE—Top executives of major food service and lodging companies have confirmed that 1982 results failed to meet even the modest goals set earlier in the year.

An economic recovery that was expected in the third and fourth quarters never materialized. Instead, the recession dragged on, unemployment skyrocketed to nearly 11% of the workforce and consumer spending dipped sharply.

For food service, this meant a severe erosion of customer traffic, a dramatic dropoff in unit sales and flat or negative real sales growth, according to chain executives who spoke at the annual two-day Food Service and Lodging Seminar sponsored by Alex. Brown & Sons, an investment banking firm.

Among the companies sending representatives were Marriott Corp., Church's Fried Chicken, Holiday Inns Inc., Chart House Inc., Family Entertainment Centers (a Pizza Time Theater franchisee), Jerrico Inc., Sandwich Chef, Denny's, and Sea Galley Stores.

Few food-service or lodging segments have been spared by the economy, according to the speakers. Problems have beset coffee shops, fast feeders, dinnerhouses, luxury hotels, and others. Restaurants in the Midwest and Southwest have been especially hard hit.

Surprisingly, even with a squeeze on profit margins, some chains have been able to lessen the impact of the recession with efficient operations systems. Still, the news about 1982 was mostly bad.

"These are fierce and lean times for food service," commented Ernest Renaud, presi-

*(Continued on page 104)*

## November slump may indicate more hard times ahead

COLONIA, N.J.—A noticeable November slump in customer counts for major food-service chains may presage a general economic softness and a prolonged recession, rather than the partial recovery economists have been expecting.

A selected list of 14 key chains showed only a 5.6% comparative sales increase and 2.7% real sales increase (when the average menu price rises of only 2.9% are subtracted) for November, compared with the previous soft November. Real sales for the same group had been up 3.8% in October, compared with the previous October.

Among key indicators for November, Jack-in-the-Box was up only 5% in real sales compared with the previous disastrous November (which had followed the "kangaroo" meat scare); McDonald's and KFC rose only 1% each; Church's and Long John Silver's were flat, and Sambo's was off 2%.

"Worst of all," said Carl DeBiase, who conducts these surveys for Restaurant Industry Trends here, "there has been a big decline in total comparative sales growth, which dipped from a 7.8% increase in October over the previous October, to 5.6% in November. Since November's weather was actually better than average in most of the country, these figures indicate that no early general economic recovery is likely."

## Operators face formidable task under new tip reporting scheme

By Ken Rankin

WASHINGTON—Few full-service restaurants will be able to avoid cumbersome employee tip reporting requirements under a series of new and painfully complex regulations issued by the Internal Revenue Service late last year.

The new and officially still temporary IRS rules do offer the nation's food-service operators some flexibility in administering the controversial tip income disclosure system mandated by Congress as part of last summer's $98-billion Federal tax increase.

But at the same time those tax service regulations are likely to sandwich many restaurateurs in the middle of bitter labor disputes between waiters, bus boys, bartenders and other food-service employee categories whose earnings will be adversely affected by the reporting requirements.

The new Federal tip rules will apply to hundreds of thousands of food-service establishments across the country and will affect nearly 1.5 million restaurant industry employees from waitresses and maitre d's to cooks and counter workers.

As potentially troublesome as the IRS regulations appear, food-service industry legal specialists acknowledge that the tip ground rules could have been even more of a burden for restaurant operators and employees.

"IRS made several changes in response to comments from industry groups such as the National Restaurant Association, and as a result several potentially sticky issues were resolved," NRA counsel Robert Palmer said. "We still have some serious concerns about the regulations, and may urge the tax service to make further changes over the next few weeks."

Specifically, NRA and other industry organizations consider the appeals process laid down by IRS to be overly rigid, and

*(Continued on page 103)*

**Workers convert St. Louis Burger Chef unit to Hardee's. At presstime, 200 such conversions had been completed.**

## Chock Full o'Nuts' Black fends off takeover attempt

By Rurick Telberg

NEW YORK—Casting their votes at a raucous annual meeting spiked with shouts of "liar" and "looter," Chock Full o'Nuts shareholders last month re-elected their ailing and aging over-80 chairman, William Black, and the rest of the board of directors to a new one-year term.

Black, who hasn't attended an annual meeting since storming out of one in 1970, fended off the bitter takeover attempt by winning 57.6% of the vote. Leon Pordy, president of the company and Black's personal physician, engineered the successful defense against a dissident group led by Jerry Finkelstein, a New York financier.

But Finkelstein, his face reddened with rage, vowed at the meeting, "Win or lose, the fight has just begun."

"I've invested millions," said the 66-year-old Finkelstein, the father of a politician, who, after changing his name, won election to the New York City council. Finkelstein began buying his 355,000 shares two years ago at $10 per, bidding the price up to $17.88 for 17% control of the stagnating coffee company. Management controls 30%.

Charging the board's proxy statement was false and misleading, Finkelstein's insurgents were suing in Federal court to overturn the results of the vote which garnered a tremendous 91% response.

*(Continued on page 104)*

## LATE NEWSBREAKS

**At the end of 1978 Howard Johnson operated or licensed 31 Red Coach Grills, but the charm of the full-service, Colonial decor units faded. Now HoJo's has agreed to sell 16 of its 19 remaining Red Coaches to Boston-based Exeter Equities Inc., a diversified concern with heavy real estate interests, which already was licensor of three other Red Coaches.**

**Richard P. Mayer, who was in charge of KFC's domestic operations, has been promoted to chairman and ceo of all KFC units as part of a reorganization by new corporate parent R. J. Reynolds. He succeeds Michael Miles, who is Kraft president.**

**Lucky Steer Restaurants, Fort Wayne, Ind.-based operator of 29 restaurants averaging $600,000 annual sales in severely depressed areas of Indiana, Michigan and Ohio, is going out of business. Three of the family steakhouses are shut, and the others are being sold.**

## Hardee's launching new holding company

ROCKY MOUNT, N.C.—After weeks of intensive consultations climaxing in a late-night board meeting, Hardee's Food Systems directors hammered out a plan to reorganize the firm as a holding company named after its Montreal-based parent, Imasco.

The new structure, which should be completely in place at the start of the next fiscal year in April, could lay the groundwork for future acquisitions by the Canadian tobacco conglomerate, Imasco Ltd.

This plan enlarges the board of directors, elevating some key top executives. And it forms a holding company with four divisions—the Hardee's chain, the Burger Chef chain, the manufacturing and distribution division, and the contract-feeding and specialty-restaurant division.

As Hardee's continues to convert Burger Chef restaurants to the Hardee's banner, the Burger Chef division would wither away. At year-end almost 200 Burger Chefs had been converted to Hardee's. That gives the company about 1,760 Hardee's outlets and leaves about 425 Burger Chefs —350 of which are franchised— to be remodeled by the end of 1983.

As a prelude to the December board meeting, Hardee's had disclosed, first to employees, then publicly at Burger Chef headquarters in Indianapolis, that Burger Chef president John Martin would become president and chief operating officer of the Hardee's restaurant division.

The move apparently crowning Martin second only to Jack Laughery, chairman and chief executive, rubbed several veteran executives the wrong way.

Martin's first lieutenant at Burger Chef, Jim Chronley, executive vice president, was named president of Burger Chef. He is an expert in real estate and site location matters.

Division presidents under the plan report to the holding company, headed by Laughery, who becomes chairman, chief

*(Continued on page 104)*

## FINANCIAL NEWS

# Discounting strategy backfires on Vic Station

LARKSPUR, Calif.—Victoria Station, wounded by a now-abandoned discounting strategy and suffering from an ongoing decline in meal counts, has posted a $1.2 million loss for the 12-week second quarter ended Sept. 12, compared to net earnings of $391,000 in the same period of the preceding year. Revenues for the quarter were $25.5 million, compared to $30.4 million a year ago.

For the first 24 weeks of fiscal 1983, the loss was $1.1 million vs. earnings of $1.1 million for the first half of 1982. Revenues in the first half of this year were $52.4 million, compared to $60.4 million last year at the same time.

Along with the probability of damage to its image from discounting, Victoria Station president and ceo Richard Niglio pointed to the boxcar-themed dinnerhouse chain's slump in customer counts as the basis of its troubles: "While this problem has been with the company for some time, it has become particularly severe over the last four fiscal quarters."

Niglio's strategy for both short- and long-term recovery is based on revamping the company's marketing structure and philosophy. Included in the short-term moves are the replacement of some dinner items with more fresh fish; the elimination of the company's field marketing staff, which had been heavily involved with discount and coupon promotions, and creation of a new, broadcast-oriented media campaign to boost seafood sales.

For long-term reversal of the meal-count decline, the company is constructing an entirely revamped menu which will feature a wider selection of entrees with a greater range of prices.

Other changes, which Niglio characterized as "a significant change in strategic direction for the company," include an overhaul and repositioning of the Victoria Station concept and format and its reintroduction to the marketplace through a high-impact television advertising effort.

The first tests of Niglio's overhauled concept are reportedly just getting under way. Niglio, with Victoria Station just over five months since replacing Terrance Collins, declined to give any further details of his newly conceived battleplan.

## H & H to raise capital for Bojangles

NEW YORK—Horn & Hardart plans to raise up to $50 million for the development of 85 franchised Bojangles spicy fried chicken restaurants to be built next year.

The company said the Franchise Finance Corp., a capital-brokering firm, had filed with the Securities and Exchange Commission for the sale of limited partnerships in Bojangles restaurants.

Bojangles said it planned to build 85 franchise units next year as a result of the offering.

In effect, the innovative financing plan allows independent franchisees to tap into a public pool of investment capital.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Dec. 16 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| | | | | | Change | | 52-Week | | | | | | | | | | | | | | | | | | | | |
| Name | Symbol | High | Low | Close | Amt. | Pct. | High | Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Aca Los A Res | ALAR | 6.88 | 6.38 | 6.38 | -.50 | -7.27 | 7.88 | 3.50 | -.24 | -.68 | -2.98 | 20.28 | .47 | -.43 N | -95.5 | -25.0 | 4.3 | 318.8 | .00 | .0 | 01-06-81 | 27.7 | 1.2 | 2.4 | 5.69 | 2.90 | 1081 |
| Am Motor Inns | INN | 30.50 | 26.88 | 26.88 | -.88 | -3.15 | 30.50 | 12.00 | .46 | -.54 | -1.68 | 1.35 | 2.10 | .45 Q | 25.4 | 29.0 | 7.0 | 12.1 | .22 | .8 | 08-10-82 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 35.00 | 32.50 | 33.63 | 1.00 | 3.07 | 36.00 | 23.50 | .04 | -.02 | -3.11 | 13.79 | 3.43 | -.57 F | -14.2 | -2.0 | 1.4 | 9.8 | 2.00 | 5.9 | 11-24-82 | 2915.9 | 45.1 | 1.2 | 21.04 | 44.21 | 0981 |
| Assoc Hosts | AHST | 8.63 | 7.38 | 7.88 | 1.00 | 14.55 | 8.63 | 5.00 | .92 | -1.17 | 3.01 | -2.15 | .58 | -.08 F | -12.1 | -11.0 | 2.2 | 13.6 | .12 | 1.5 | 12-06-82 | 79.9 | 2.1 | 1.5 | 6.40 | 7.04 | 0981 |
| Beefsteak Char | BCS | 7.88 | 6.63 | 6.75 | -.75 | -10.00 | 8.25 | 2.88 | 1.05 | -1.52 | -2.15 | -10.47 | .62 | .16 N | 25.3 | 33.0 | 2.4 | 8.5 | .00 | .0 | 00-00-00 | 86.2 | 2.1 | 1.2 | 1.49 | 3.09 | 1081 |
| Bob Evans Farms | BOBE | 38.75 | 33.25 | 33.25 | -.75 | -2.21 | 38.75 | 19.53 | .99 | -2.06 | 3.51 | -20.95 | 1.45 | .08 S | 5.9 | 23.0 | 7.9 | 23.3 | .40 | 1.2 | 11-05-82 | 173.4 | 13.7 | 1.7 | .00 | 6.90 | 0482 |
| Bonanza Intl Inc | BNZA | 3.75 | 3.38 | 3.38 | -.38 | -10.00 | 3.75 | 1.06 | 1.92 | -1.50 | -4.47 | -13.29 | -3.33 | -.69 N | NE | -62.0 | -61.8 | NE | .00 | .0 | 00-00-00 | 24.1 | -14.9 | 1.2 | 11.24 | 1.50 | 1281 |
| Brock Hotel Cp | BHC | 11.38 | 8.00 | 8.25 | -1.88 | -18.52 | 17.50 | 8.00 | -.32 | -5.60 | 3.74 | 41.59 | .59 | .30 N | 73.1 | 23.0 | 4.3 | 11.6 | .10 | 1.2 | 09-27-82 | 165.1 | 7.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 10.50 | 9.00 | 9.75 | .75 | 8.33 | 10.50 | 4.91 | 1.75 | .03 | 8.69 | 14.52 | .74 | .08 S | 12.3 | 6.0 | 3.2 | 13.4 | .12 | 1.2 | 11-24-82 | 37.0 | 1.2 | .6 | 1.01 | 1.51 | 0282 |
| Carrols Develop | CRL | 12.50 | 10.00 | 11.00 | .75 | 7.32 | 12.50 | 4.13 | .59 | -1.33 | 1.76 | -41.77 | .66 | .52 Q | 126.8 | 21.0 | 1.9 | 11.8 | .09 | .8 | 12-24-81 | 68.6 | 1.3 | .6 | 9.82 | 5.99 | 0582 |
| Chart House | CHHO | 27.25 | 25.00 | 25.00 | -1.75 | -6.54 | 28.13 | 15.88 | -.06 | -.97 | -3.24 | 36.68 | 2.03 | .16 N | 8.2 | 13.0 | 5.0 | 11.9 | .60 | 2.4 | 09-24-82 | 353.9 | 17.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 34.38 | 30.38 | 30.38 | -1.75 | -5.45 | 34.38 | 11.09 | 1.06 | -1.42 | 3.35 | 9.75 | .55 | .22 Q | 55.0 | 26.0 | 11.1 | 49.0 | .00 | .0 | 06-28-82 | 14.9 | 2.1 | 3.1 | 1.10 | 1.23 | 0481 |
| Ch Full O Nut | CHF | 15.25 | 13.25 | 14.13 | -.13 | -.88 | 18.25 | 9.25 | .08 | 1.16 | .48 | 4.80 | .34 | -.32 F | -48.4 | 15.0 | 1.4 | 41.5 | .40 | 2.8 | 12-09-82 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 39.00 | 36.63 | 37.00 | -1.25 | -3.27 | 40.75 | 25.00 | -.14 | .02 | -1.03 | -14.50 | 3.52 | -.06 N | -1.7 | 16.0 | 10.8 | 10.8 | 1.00 | 2.7 | 10-25-82 | 412.1 | 44.6 | 1.9 | 1.02 | 15.25 | 1281 |
| Cindys Inc | CNDYC | 3.88 | 3.75 | 3.75 | .00 | .00 | 3.88 | 2.63 | .48 | .16 | 4.45 | 28.48 | -.06 | 1.37 F | NE | NE | -6 | NE | .00 | .0 | 00-00-00 | 17.0 | -.1 | .0 | 7.17 | .29 | 1281 |
| Collins Foods | CF | 22.38 | 19.00 | 19.75 | -2.50 | -11.24 | 22.63 | 8.53 | .46 | -1.79 | -.64 | 35.22 | 1.69 | .50 S | 33.1 | 15.0 | 3.2 | 9.8 | .24 | 1.2 | 12-23-82 | 298.0 | 9.6 | 1.3 | 7.44 | 10.69 | 0482 |
| Consul Corp | CNSL | 11.88 | 11.00 | 11.00 | -.13 | -1.12 | 11.88 | 5.25 | .99 | .79 | 2.38 | -9.60 | .00 | -.08 Q | -88.8 | NE | .0 | -100.0 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 22.00 | 19.50 | 19.50 | -1.75 | -8.24 | 22.50 | 7.25 | 1.28 | -.92 | .07 | 9.98 | 1.03 | .05 Q | 4.6 | 19.0 | 3.7 | 17.3 | .00 | .0 | 00-00-00 | 35.4 | 1.3 | 1.9 | 5.35 | 6.69 | 0782 |
| Dennys Inc | DEN | 36.88 | 30.75 | 31.63 | -2.63 | -7.66 | 36.88 | 18.34 | -.01 | -.46 | -1.71 | -8.02 | 2.47 | .40 Q | 18.6 | 9.0 | 3.9 | 12.4 | .64 | 2.0 | 12-07-82 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 28.38 | 25.63 | 25.63 | -1.75 | -6.39 | 28.38 | 11.13 | .04 | -.89 | -3.46 | 15.26 | 1.82 | .25 N | 14.0 | 19.0 | 8.3 | 12.6 | .36 | 1.4 | 11-05-82 | 68.7 | 5.7 | 1.3 | 11.44 | 10.61 | 1081 |
| Frischs | FRS | 13.88 | 12.75 | 13.63 | .88 | 6.86 | 13.88 | 7.09 | .39 | 1.72 | -5.34 | -38.54 | 1.80 | .10 Q | 6.2 | 16.0 | 3.8 | 8.0 | .40 | 2.9 | 11-29-82 | 101.0 | 3.8 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 17.13 | 15.50 | 16.13 | .63 | 4.03 | 17.13 | 9.63 | .68 | -.76 | 3.56 | -24.44 | .58 | .63 N | NC | 130.0 | 16.0 | 25.6 | .00 | .0 | 00-00-00 | 33.8 | 5.4 | 2.0 | .76 | 1.01 | 1281 |
| Hambrg Hamlet | HAMB | 6.50 | 6.25 | 6.50 | .25 | 4.00 | 8.25 | 5.00 | .48 | 1.60 | 2.68 | .00 | 1.35 | .60 Q | 111.1 | -9.0 | 3.2 | 5.7 | .00 | .0 | 00-00-00 | 31.6 | 1.0 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.25 | 1.25 | 1.25 | .00 | .00 | 4.38 | 1.25 | -.92 | .49 | 4.10 | 21.88 | -2.22 | -5.08 N | -336.8 | -63.0 | -11.4 | NE | .00 | .0 | 00-00-00 | 30.6 | -3.5 | 1.4 | 18.38 | 8.12 | 0981 |
| Hilton Hotels | HLT | 52.00 | 45.25 | 45.50 | -.38 | -.82 | 52.00 | 27.63 | .08 | -1.52 | 1.53 | -20.30 | 4.22 | -.65 N | -15.7 | 20.0 | 20.9 | 13.1 | 1.80 | 4.0 | 12-13-82 | 539.3 | 112.6 | 2.0 | 4.48 | 19.98 | 1281 |
| Holiday Inns | HIA | 35.63 | 31.00 | 32.38 | -2.38 | -6.83 | 38.75 | 23.75 | -.37 | .74 | 3.38 | 17.41 | 3.66 | .57 N | 20.1 | 22.0 | 7.8 | 9.5 | .80 | 2.5 | 12-13-82 | 1765.1 | 137.4 | .8 | 20.99 | 25.33 | 1281 |
| Holiday Inns A | HIA A | 50.75 | 50.75 | 50.75 | -1.75 | -3.33 | 55.50 | 36.00 | -.19 | -.23 | -14.39 | 50.00 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 25.63 | 23.13 | 23.50 | .00 | .00 | 25.63 | 9.22 | .36 | .57 | -2.01 | -4.38 | .95 | .05 N | 5.5 | 30.0 | 2.7 | 24.7 | .00 | .0 | 09-27-82 | 166.1 | 4.5 | 1.7 | 11.45 | 6.30 | 1281 |
| Hungry Tiger | HTIG | 8.00 | 7.63 | 7.63 | -.38 | -4.69 | 8.25 | 4.00 | .72 | -.15 | -3.30 | -15.75 | .78 | .11 F | 16.4 | 38.0 | 3.8 | 9.8 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 2.00 | 1.88 | 2.00 | .13 | 6.67 | 2.00 | 1.25 | -.01 | 2.69 | -5.07 | -45.00 | .24 | .00 F | .0 | 2.0 | 2.0 | 8.3 | .14 | 7.0 | 09-28-82 | 8462.9 | 171.0 | 1.1 | 65 | 2.08 | 1081 |
| Intl Dairy Queen | INDQ | 24.50 | 23.75 | 24.25 | .25 | 1.04 | 24.50 | 9.25 | .55 | 1.21 | -4.10 | 43.01 | 1.72 | .44 N | 27.1 | 38.0 | 6.1 | 11.8 | .00 | .0 | 00-00-00 | 91.3 | 5.6 | 1.1 | 9.68 | 5.82 | 1181 |
| Int King Tab | IKNG | 10.25 | 8.00 | 8.00 | -1.13 | -12.33 | 10.25 | 1.75 | 1.47 | -5.09 | 1.62 | 15.14 | .33 | 1.22 Q | NE | -21.0 | 1.4 | 16.7 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 11.75 | 10.13 | 11.38 | 1.25 | 12.35 | 11.75 | 3.75 | .59 | 4.28 | .68 | 20.12 | .93 | .30 F | 47.6 | 3.0 | 3.5 | 12.2 | .16 | 1.4 | 10-29-82 | 36.4 | 1.1 | .9 | 5.18 | 5.01 | 0981 |
| Jerrico Inc | JERR | 26.63 | 25.63 | 25.63 | -1.38 | -5.09 | 29.38 | 15.63 | -.23 | .69 | -4.87 | 13.85 | 1.75 | -.12 Q | -6.6 | 23.0 | 5.1 | 15.2 | .12 | .5 | 11-05-82 | 425.5 | 21.8 | .9 | 3.64 | 11.24 | 0682 |
| Kapok Tr Inns | KTI | 4.50 | 3.63 | 4.38 | .63 | 16.67 | 4.50 | 3.00 | .77 | .28 | 1.69 | -51.88 | -.37 | -.13 F | NE | -31.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 13.8 | -.4 | 3.1 | 1.93 | 5.84 | 0981 |
| Kelly Johnston | KEJO | 24.50 | 22.00 | 22.00 | -.75 | -3.30 | 24.50 | 9.34 | 1.37 | -1.00 | 4.06 | 34.56 | .59 | .14 S | 30.4 | 106.0 | 8.4 | 36.7 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 21.75 | 18.75 | 18.75 | -2.50 | -11.76 | 22.50 | 8.88 | .28 | -2.09 | 4.85 | 8.82 | 1.51 | 1.78 N | NC | 17.0 | 3.4 | 10.5 | .00 | .0 | 00-00-00 | 200.6 | 6.9 | 1.9 | 6.43 | 8.34 | 0182 |
| Lubys Cafe | LUB | 40.75 | 38.63 | 38.63 | -1.38 | -3.44 | 40.75 | 24.50 | .55 | -.21 | -5.48 | 23.57 | 1.69 | .24 F | 16.5 | 23.0 | 9.0 | 22.9 | .60 | 1.6 | 12-13-82 | 108.2 | 9.8 | 1.1 | .90 | 5.98 | 0881 |
| Marcus Corp | MRCS | 8.88 | 8.63 | 8.63 | -.25 | -2.82 | 9.25 | 5.00 | .27 | .35 | -.96 | -1.53 | 1.13 | -.03 Q | -2.5 | 4.0 | 5.7 | 7.6 | .00 | .0 | 08-24-81 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 61.88 | 58.00 | 58.25 | -1.13 | -1.89 | 61.88 | 32.00 | .42 | .49 | -.62 | -6.53 | 3.20 | .29 N | 9.5 | 29.0 | 4.3 | 17.4 | .36 | .6 | 12-20-82 | 2000.3 | 86.1 | .9 | 23.23 | 16.12 | 1281 |
| McDonalds Cp | MCD | 61.00 | 54.00 | 54.38 | -6.13 | -10.12 | 65.63 | 38.69 | -.35 | -.87 | 2.30 | 21.94 | 4.36 | .65 N | 15.4 | 18.0 | 10.7 | 11.2 | .88 | 1.6 | 10-15-82 | 2477.2 | 264.8 | .5 | 15.35 | 22.73 | 1281 |
| Morrison Inc | MORR | 17.13 | 16.00 | 16.00 | -1.00 | -5.88 | 17.25 | 8.13 | .40 | .11 | 2.32 | 15.83 | 1.16 | .28 Q | 29.1 | 8.0 | 4.1 | 12.9 | .36 | 2.3 | 10-08-82 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 2.50 | 2.50 | 2.50 | .00 | .00 | 3.38 | 1.75 | -.16 | .98 | 2.73 | 21.03 | -.98 | -1.20 F | -545.4 | -29.0 | -2.9 | NE | .00 | .0 | 05-29-80 | 55.7 | .3 | 1.4 | 3.45 | 4.70 | 0981 |
| Nathans | NATH | 1.50 | 1.25 | 1.50 | .00 | .00 | 1.78 | .59 | .91 | -1.30 | 1.62 | 23.98 | .03 | .79 Q | NE | NE | .6 | 37.5 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles Inc | NAUG | 20.25 | 17.00 | 17.50 | -4.00 | -18.60 | 21.50 | 6.84 | .68 | 1.65 | 10.61 | -6.34 | .78 | .83 Q | NC | 48.0 | 3.9 | 21.1 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 14.00 | 14.00 | 14.00 | .00 | .00 | 14.00 | 9.00 | .04 | .78 | -6.84 | -50.00 | 1.74 | -.83 N | -47.9 | 3.0 | 1.3 | 15.6 | .32 | 2.3 | 09-13-82 | 133.4 | 1.7 | .8 | 5.60 | 13.02 | 0981 |
| Orange-co | OJ | 5.00 | 4.63 | 4.75 | -.25 | -5.00 | 11.13 | 4.63 | -.39 | -.25 | 2.11 | 3.75 | -.20 | -1.25 F | -119.0 | 22.0 | -.8 | NE | .20 | 4.2 | 02-22-82 | 76.2 | 4.1 | 1.9 | 10.24 | 7.21 | 0881 |
| Piccadilly Caf | PICC | 16.63 | 15.50 | 16.25 | .50 | 3.17 | 18.13 | 13.50 | .04 | 2.12 | -2.72 | 8.54 | 1.39 | .03 Q | 2.2 | 13.0 | 5.9 | 11.8 | .56 | 3.4 | 12-09-82 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 7.00 | 6.38 | 6.50 | .38 | 6.12 | 7.38 | 4.50 | -.13 | .05 | -1.85 | -2.24 | .50 | -.17 N | -27.4 | -8.0 | 1.0 | 14.4 | .00 | .0 | 00-00-00 | 133.5 | 1.4 | .9 | 12.94 | 6.65 | 1281 |
| Pizza Time Thea | CHKY | 21.00 | 16.25 | 16.25 | -4.75 | -22.62 | 32.50 | 14.25 | -.20 | -1.78 | -4.46 | -4.04 | .58 | .78 N | 229.4 | 42.0 | 7.2 | 14.5 | .00 | .0 | 00-00-00 | 36.2 | 2.6 | 3.2 | .81 | 7.87 | 1281 |
| Ponderosa Sys | PON | 28.00 | 24.75 | 24.88 | -1.88 | -7.01 | 28.00 | 12.00 | .23 | -.61 | 1.14 | -20.46 | 2.01 | .97 N | 67.3 | -6.0 | 2.4 | 10.3 | .50 | 2.0 | 09-21-82 | 353.9 | 8.5 | 1.0 | 19.96 | 16.83 | 0282 |
| Ramada Inns | RAM | 5.75 | 5.13 | 5.13 | -.50 | -8.89 | 7.00 | 4.25 | -.47 | -1.03 | -4.31 | 7.34 | .05 | -.60 N | -272.7 | -24.0 | .4 | NE | .00 | .0 | 10-19-81 | 395.5 | 1.4 | .6 | 18.98 | 6.03 | 1281 |
| Restaur Assc | RA | 6.13 | 5.50 | 5.63 | -.25 | -4.26 | 7.50 | 3.25 | -.57 | .59 | -7.41 | 8.61 | .97 | -.32 N | -32.6 | 42.0 | 2.4 | 8.5 | .00 | .0 | 00-00-00 | 99.2 | 2.4 | 1.3 | 3.17 | 6.38 | 1281 |
| Saga Corp | SGA | 43.25 | 37.75 | 37.75 | -5.75 | -13.22 | 44.00 | 16.75 | .20 | -.64 | -3.52 | 5.59 | 3.35 | .90 Q | 34.8 | 40.0 | 1.9 | 10.8 | .56 | 1.5 | 11-15-82 | 901.0 | 16.8 | .9 | 8.51 | 17.72 | 0682 |
| Sea Galley | SEAG | 6.63 | 5.50 | 5.75 | -1.00 | -14.81 | 10.63 | 5.50 | -1.18 | -1.90 | 2.27 | 25.73 | .68 | -.17 N | -24.6 | 45.0 | 4.5 | 11.1 | .00 | .0 | 06-02-81 | 49.0 | 2.2 | 1.8 | 2.38 | 4.99 | 1281 |
| Servico Inc | SRVI | 12.25 | 11.25 | 11.25 | -1.25 | -10.00 | 13.00 | 7.03 | .12 | -1.32 | -5.87 | 24.15 | 1.54 | -.82 N | -43.6 | 61.0 | 3.5 | 10.6 | .00 | .0 | 07-09-82 | 126.4 | 4.4 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 29.50 | 27.13 | 29.38 | 2.00 | 7.31 | 29.50 | 12.63 | .59 | 2.28 | .79 | -7.09 | 1.03 | .25 N | 25.7 | 21.0 | 5.5 | 24.1 | .16 | .5 | 09-28-82 | 269.4 | 14.8 | 1.0 | 1.97 | 5.03 | 1081 |
| Skippers | SKIP | 7.75 | 7.00 | 7.00 | -.75 | -9.68 | 7.75 | 4.25 | .34 | -.55 | .07 | -9.06 | .73 | -.46 N | -46.0 | 4.0 | 3.0 | 13.0 | .08 | 1.1 | 10-18-82 | 33.7 | 1.0 | 1.2 | 3.45 | 6.07 | 1281 |
| Sonesta Hotel | SNSTZ | 15.00 | 15.00 | 15.00 | .00 | .00 | 15.00 | 8.50 | .53 | .79 | -2.42 | -73.08 | .94 | -.70 N | -40.2 | 39.0 | 1.4 | 14.4 | .20 | 1.3 | 06-25-82 | 145.0 | 2.1 | .9 | 27.74 | 10.01 | 1281 |
| So Hospitality | SHOS | 3.50 | 2.75 | 3.13 | .63 | 25.00 | 3.50 | 1.00 | 1.56 | 2.06 | 4.32 | -11.08 | .14 | .16 Q | NC | 21.0 | 2.5 | 19.5 | .00 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 4.00 | 3.25 | 3.38 | .50 | 17.39 | 4.00 | 2.50 | 1.37 | -3.65 | 3.67 | -9.19 | .18 | .12 F | 200.0 | -28.0 | 1.4 | 18.8 | .00 | .0 | 05-17-79 | 56.5 | .3 | 1.2 | 4.60 | 2.60 | 0981 |
| Victoria Stations | VSTA | 6.13 | 5.63 | 5.63 | -.13 | -2.17 | 11.00 | 5.00 | .55 | -.87 | -2.28 | 36.68 | .35 | .58 S | NE | -38.0 | 1.0 | NE | .00 | .0 | 09-19-79 | 123.4 | 1.2 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 16.63 | 13.25 | 13.38 | -3.13 | -18.94 | 16.75 | 8.16 | .05 | -3.29 | -.53 | 40.24 | 1.01 | .10 N | 10.1 | 18.0 | 7.6 | 12.3 | .24 | 1.8 | 11-26-82 | 486.6 | 36.9 | .6 | 2.56 | 5.27 | 1281 |
| Webb Del E | WBB | 11.50 | 9.50 | 10.13 | .50 | 5.19 | 11.50 | 4.88 | .29 | -1.78 | -.09 | -38.10 | .56 | .81 N | NE | -24.0 | 1.3 | 18.4 | .00 | .0 | 11-07-80 | 414.8 | 5.3 | 1.1 | 16.12 | 13.25 | 1281 |
| Winners Cp | WNER | 16.50 | 15.25 | 15.25 | .50 | 3.39 | 16.50 | 6.38 | .56 | -1.00 | .79 | 11.11 | .67 | .84 N | NC | 6.0 | 2.1 | 18.2 | .00 | .0 | 00-00-00 | 72.7 | 1.5 | .3 | 13.37 | 7.09 | 1281 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

# FINANCIAL NEWS

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Steak n Shake | 12 mos. | 9/29 | $ 57.189 | 2.2 | | | $843,715 | 89.6 |
| JB's Rests. | 12 mos.<br>12 wks. | 9/30 | | | $ 45.247<br>12.092 | 24.00<br>31.10 | 1.617<br>$597,000 | 52.8<br>48.1 |
| CFS Continental | 12 mos.<br>12 wks. | | | | 1.043B<br>246.855 | 12.10<br>(0.08) | 14.421<br>4.460 | 25.5<br>21.3 |
| Ponderosa Inc. | 12 wks.<br>36 wks. | 11/4 | | | 91.827<br>273.868 | 10.00<br>5.80 | 3.413<br>9.114 | 62.6<br>27.5 |
| Pizza Ventures | 13 wks.<br>39 wks. | 10/3 | | | 7.871<br>12.581 | 252.90<br>128.80 | $474,804<br>$748,822 | 171.1<br>76.4 |
| Carson Pirie Scott | 13 wks.<br>39 wks. | 10/30 | 201.790<br>574.121 | 1.8<br>1.8 | | | 2.307<br>4.390 | 11.1<br>(55.3) |
| ARA Services | 12 mos.<br>3 mos. | 10/2 | | | 2.805B<br>714.353 | 1.60<br>6.30 | 43.843<br>3.994 | (17.0)<br>(67.0) |
| Danners Inc. | 13 wks.<br>39 wks. | 10/30 | 38.538<br>114.021 | 18.8<br>19.7 | | | ($145,298)<br>(1.016) | |
| Mr. Steak | 12 mos.<br>13 wks. | 9/26 | | | 59.797<br>15.219 | 8.30<br>6.60 | (1.565)<br>(1.157) | |
| Bob Evans Farms | 6 mos. | 10/29 | 93.087 | 11.0 | | | 6.687 | (2.1) |
| Pizza Inn Inc. | 3 mos.<br>9 mos. | 10/26 | | | 36.566<br>105.596 | 0.09<br>1.70 | $340,000<br>$1.224 | (29.0)<br>(10.0) |
| Sambo's Rests. | 13 wks.<br>9 mos. | 9/30 | 80.202<br>220.579 | (36.1)<br>(40.0) | | | (8.005)<br>(62.017) | |
| Sizzler Rests. | 13 wks.<br>6 mos. | 10/31 | | | 31.244<br>66.252 | 14.00<br>20.00 | 1.408<br>2.821 | 6.4<br>137.0 |
| Collins Foods | 3 mos.<br>6 mos. | 10/31 | | | 82.184<br>170.198 | 8.90<br>13.90 | 3.481<br>6.673 | 27.1<br>30.5 |
| Judy's Inc. | 13 wks.<br>9 mos. | 10/31 | 9.280<br>28.293 | (26.7)<br>(22.9) | | | ($211,000)<br>(914.000) | |
| Associated Hosts | 13 wks.<br>12 mos. | 9/25 | 18.742<br>78.637 | (5.8)<br>(1.6) | | | $144,000<br>$1.735 | (55.9)<br>(16.4) |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# ARA net drops 17% for fiscal '82

PHILADELPHIA—Net income for ARA Services Inc. for the fiscal year ended Oct. 2, 1982, dropped 17% to $43.8 million from $53 million a year earlier. For the quarter ended the same date, net income dropped 67% from $12 million to $3.9 million.

Revenues for the fiscal year rose a slight 1.6% from $2.7 billion to $2.8 billion, while revenues for the fourth quarter were up 6.3% from $672 million to $714 million.

Extraordinary credits were applied to the balance sheet in both 1981 and 1982. In 1981, the extraordinary item was an $8 million tax credit related to the previous year's write off of the Smith Transportation Corp.'s operating rights. In 1982 the item was a tax free gain on debt-for-equity exchange.

ARA's operating income was down for the 1982 fourth quarter, compared to 1981 due primarily to the transportation business's deregulation, the recession and the drop in tonnage experienced by the trucking industry.

In the food-service sector, results for the year were mixed. While revenues and net income for food and dining services in the business and education market improved, vending business was hurt by the sharp drop-off of plant employees in the country's heavy industry.

# *44% first qtr. gain reported by Naugles*

FULLERTON, Calif.—Naugles Inc. recorded a net income gain of 44% to $1.1 million for the first quarter of fiscal 1983 ended Oct. 21, compared to last year's first quarter.

Sales were up 56% for the same period to $24.2 million.

Pretax earnings for the quarter rose 34% to $1.3 million from $967,000 last year.

Last year's net income of $754,000 came before an extraordinary item due to an accounting change added $188,000 to first quarter earnings for total income of $942,000.

During the first quarter the company added 26 fast-food units to its chain, bringing the total to 131. The company had 72 restaurants at the end of the first quarter last year.

The chain was extended into its seventh state, Wisconsin, during the first quarter. Naugles also operates in Nevada, Utah, Missouri, Illinois, Kansas and its primary market, California.

At presstime, the company had opened an additional four units since the end of the first quarter, bringing its total to 135—all offering a variety of Mexican and American menu items in a 24-hour format featuring drive-thru service.

Last month the company expected to commence an offering of 570,000 shares of its common stock and an additional 430,000 shares by certain selling shareholders. Net proceeds from the sale were to be used for equipment purchases and leasehold improvements for additional restaurants, as well as to augment the company's working capital.

## Jerrico preparing to offer $40M of convertible long-term bonds

LEXINGTON, Ky.—Jerrico Inc. has filed with the Securities and Exchange Commission a Shelf Registration Statement for up to $40 million of convertible long-term bonds. The subordinated interest-bearing debentures will be offered, on terms yet to be determined, through a national underwriting syndicate represented by Lehman Brothers Kuhn Loeb Inc.

The proceeds from the sale will be used for general corporate use and to provide flexibility for expansion of the company's restaurant business, a spokesman said.

## Saga shows 33% net

MENLO PARK, Calif.—Saga Corp. achieved a 33% net profit rise to $2.8 million for its first quarter ended Sept. 25, compared with $2.1 million in the same period last year. The percentage increase was incorrectly reported as 6% on these pages Nov. 8.

## *Castle & Cook slips on $63M loss*

HONOLULU—Castle & Cook, a major food-service supplier well known for its interests in the banana business, reported a $63 million net loss for its first fiscal quarter ended Oct. 9.

The company attributed $30 million of the red ink to problems in its banana, pineapple and tuna fish operations. To make the banana operations profitable, Castle & Cook said, it was restructuring the business and taking a $56 million write-off.

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# NRA FOCUS

FORECAST '83

# BIG STRUGGLES, SMALL GAINS

**By Charles Bernstein**

A slight improvement is in prospect for 1983 restaurant sales after a relatively flat 1982, but no major recovery is expected.

One encouraging sign was an upswing in sales for the second half after a slow first half. Yet the almost 11% unemployment rate mitigates against any sharp recovery.

Geography and unemployment appear to be crucial factors for fast feeders, coffee shops, budget steakhouses and limited menu dinnerhouses while the white tablecloth segment escapes the brunt of recession problems.

Food-service sales in the hard-hit Midwest were down at least 10% last year. The West Coast showed a sharp slowdown in sales growth, while the Southwest suffered with skyrocketing energy costs and the peso devaluation in key border towns. The Southeast held even, but the Northeast jumped as much as 10%.

These patterns, which seem to reflect unemployment conditions in various regions, probably will continue in 1983.

Still, some industry analysts are moderately optimistic. Foremost among the positive forecasts is that of the National Restaurant Association, which projects a 2% real sales (adjusted for menu price rises) increase for 1983, compared with an estimated 1.2% rise in 1982. Total food-service sales will increase 7.9% to $143.6 billion, the NRA says. Menu price rises would stay at about 6%.

Fast food and hotel restaurants should post respective 4.5% and 3.8% real sales increases for 1983, the NRA says, while the commercial group should show a 2.2% rise, compared with 0.4% for the institutional group.

The outlook for specific chains is decidedly mixed—particularly among the Big Three burger chains which have emerged from their own advertising war set off by Burger King.

McDonald's sales growth has slowed, its new product introductions are showing only limited success, and worldwide expansion has been hit with international and foreign currency problems.

Burger King is retrenching under its new management team. Wendy's is tying a large portion of its future to Sisters Chicken, which is likely to cut into its profitability this year. Meanwhile, Hardee's is still trying to integrate the Burger Chefs into its system.

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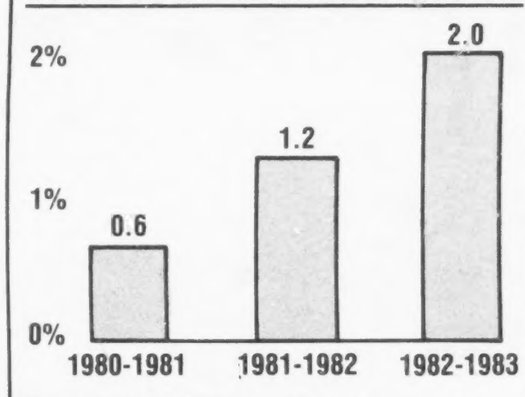
***PER CENT CHANGE IN SALES***
***(IN CONSTANT DOLLARS)***
***TOTAL FOOD-SERVICE INDUSTRY***




Source: *National Restaurant Association*

***Foremost among the positive forecasts is that of the National Restaurant Association, which projects a 2% real sales (adjusted for menu price rises) increase for 1983, compared with an estimated 1.2% rise in 1982.***

In coffee shops, Denny's has been hit with flat sales growth in recent months and also may be eying a partial reorientation of its Winchell's donut houses. Sambo's is struggling for survival under its new Season's format, and Howard Johnson is trying to reshape its coffee shops under G. Michael Hostage.

Some of the diversified chains face critical decisions. Chart House reportedly is mulling a possible sell off of its Burger King units to concentrate more on Luther's Barbecue chain, Cisco's Mexican dinnerhouses and the Chart House steakhouses.

Shoney's continues to show solid across-the-board growth in its Big Boy coffee shops and Captain D's seafood shops. But now it appears positioned for a big move with the Famous Recipe chicken chain it acquired over a year ago.

Meanwhile, KFC is trying to regain its momentum domestically, and Church's has suffered a severe slump due to the high unemployment rate in many of its marketing areas.

With Arthur Treacher's effectively out of the game and Captain D's strong only in the South, Long John Silver's seems positioned to capitalize on the favorable price of cod.

In budget steakhouses, Ponderosa is showing healthy earnings although being hard-hit by unemployment in its main Midwest areas. Bonanza, virtually all-franchised, seems to have stabilized its position.

Mexican dinnerhouses continue as a "hot" segment with El Chico leading the way in growth, and Garcia's and El Torito also showing momentum.

But the biggest growth is being produced by entertainment-restaurants such as Pizza Time Theatre and Show Biz Pizza. No doubt a shakeout looms in 1983 within this increasingly crowded segment and in the Mexican dinnerhouse segment.

Price/value will be more critical than ever in 1983. The constant couponing of some of the chains appears to be undermining them as customers rebel when prices go back to normal. With these types of pressures, couponing is likely to decline in 1983 as chains utilize it more for new product introductions.

In any case, operators will have to pull in their belts further and try to restrict menu price hikes to 4%—just enough to protect profit margins but not high enough to cut into customer counts.

Menus probably will undergo realignments with chicken, pizza, seafood and salads receiving more emphasis. Burgers and steaks will still be king, but to a lesser degree.

Operators will step up their real estate battles for the limited prime sites available. A bigger push is expected to acquire less costly sites through complete acquisitions or from abandoned restaurants and gas stations in the battle against high land and construction costs.

Finally, labor unions have targeted food-service chains for a tremendous organization push in 1983. The pressure will be intense for chains to offer more to their employees and thereby repel the unions. In either case, operating costs will rise substantially, further eroding profit margins.

## 1983 FORECAST HIGHLIGHTS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NRN FOCUS

FORECAST '83

# *Economy squeezing out smaller franchisors*

**By Donald Frazier**

Individual entrepreneurs—traditionally the lifeblood of franchising—are reeling from a tough economy, unpredictable interest rates and the saturation of many markets.

More and more of the action will be dealt to companies which hold multi-unit franchises with major operations. Large franchisees such as Spartan Foods (Hardee's) and Collins Foods (KFC) have advanced into the forefront of their systems.

This is happening for a variety of reasons. Most attribute the trend to the nation's struggling economy, which has sharply curtailed the ability of individuals to invest in a franchise restaurant and has redlined entire markets in older industrial cities.

Others blame the dawning maturity of the food-service industry, and an end to the era when a franchisee could prosper by simply erecting a unit on a major street. Professional management systems may be replacing personal initiative as the key to success in a restructured industry.

This is the viewpoint of one executive whose career spans the last two decades of franchising. "Used to be that we could count on getting all the growth we could manage by selling a franchise to anyone who could spell his name on the check," he said.

"But now, we really have to watch out. Our money's coming from his performance these days. He's already paid his fee."

But even this operator does not slight the impact of the declining economy on franchising. "When you have a choice, who are you going to sign on? The little guy with a dream in his heart and a few dollars in his pocket? Or the professional operators who you know will be around to pay you royalties for a long time to come?"

The difficulties of financing will continue to drive the "little guys" out of the bidding for franchises of recognized chains. The franchising directors of chains are increasingly looking for franchisees who can finance themselves instead of relying on the franchisor for ready locations and loans for equipment.

One budding operation held up its growth for several months to secure the right franchisees. Luther's, the barbecue chain bought last year by Lafayette, La.-based Chart House, could have grown very fast over the last year, according to several industry analysts, if it sold franchises the traditional way.

But it didn't, largely because its president Mike Blackmon was busy canvassing the country for franchisees who had staying power.

"It's a great temptation to get out there and sell, sell, sell when you believe in your product like we do," he said after nailing down commitments to build more than 100 new units over the next five years. "But it's a crowded marketplace out there. The successful operators are just going to have to be well-capitalized. They're going to need their own cash pipelines."

He agreed that this strategy could cost the company's new units the zeal of an on-site owner-manager. While suggesting some franchisors attempt to match qualified operators without capital with capitalized investors, he conceded his own company has made few such arrangements.

Franchisees of the large companies, always influential in the decisions of the franchisor, may flex their muscles more in the next year. They won two important victories last year at Burger King. One was the new, aggressive advertising campaign which emphasized customers' perceived preference for the Burger King product over that of its major competitor, McDonald's. The other, according to many industry observers, was the replacement of former president Lou Neeb by marketing man Jeffrey Campbell, whose hard-hitting personal style seems to have won the support of previously disaffected franchisees.

***The franchising directors of chains are increasingly looking for franchisees who can finance themselves instead of relying on the franchisor for ready locations and loans.***

These events underscore the gradual realization by major franchisors that success during the next year will need more from franchisees than discipline. They will need enthusiastic cooperation.

The coming year will also see the conversion of more franchise contracts to reflect the new importance of area-wide advertising. Many older contracts lack a clause allowing for an assessment for advertising; adding one can be difficult because it must be done throughout an entire market at once to prevent franchises who do not pay from enjoying the fruits of those who do.

Sometimes a convincing argument by a franchisor can sway franchisees to voluntarily add such a clause one-by-one, as has occured at Dunkin' Donuts. Sometimes a chain can orchestrate a changeover from old-style contracts to updated ones throughout a single market, such as Mr. Steak did in the Minneapolis-St. Paul market.

This may happen more frequently as franchisees recognize the potential benefits of coordinating promotions and advertising when they share the same audience.

The rewriting of contracts is a part of a larger trend which may gain steam this year: The ascent of marketing councils to where all company stores and franchisees in a market area can coordinate promotions and speed the introduction of new menu items.

These councils have existed for many years. But only during the last few years have franchisors began to rely on the councils as partners in running the chain instead of the potential adversaries some have been in the past.

Heavily franchised chains, however, may suffer difficulty in implementing long-range strategic plans over the next year. Franchisees of such companies tend to be small-scale operators who may not have the financial muscle to fund changes in concept or operations. Often they are free to ignore the company's recommendations in these things.

The contrast between the two leaders of the budget steakhouse segment, Ponderosa and Bonanza, illustrate this. Both were hit at about the same time with sharp increases in meat prices and a dramatic shift in consumer taste. Both decided to alter their basic concepts.

Ponderosa, heavily leveraged with company stores, has done this, convincing many of its franchisees to remodel over the last year despite an economic downturn in many of its key areas. But for Bonanza, a more ambitious change has involved a shift in focus to the Sunbelt and disputes with a few of its older franchisees in Texas and Ohio.

The emergence of Chi-Chi's, a heavily franchised Mexican-style dinnerhouse chain, may point toward greater development of dinnerhouse concepts by franchising. The relative complexity of dinnerhouses has kept franchising in that segment to a minimum. But Chi-Chi's franchisees such as Kelly-Johnson and the Consul Corp. have proven that a dinnerhouse can be run from an operations manual if the franchisor exercises tight control over its system, as Chi-Chi's has apparently done.

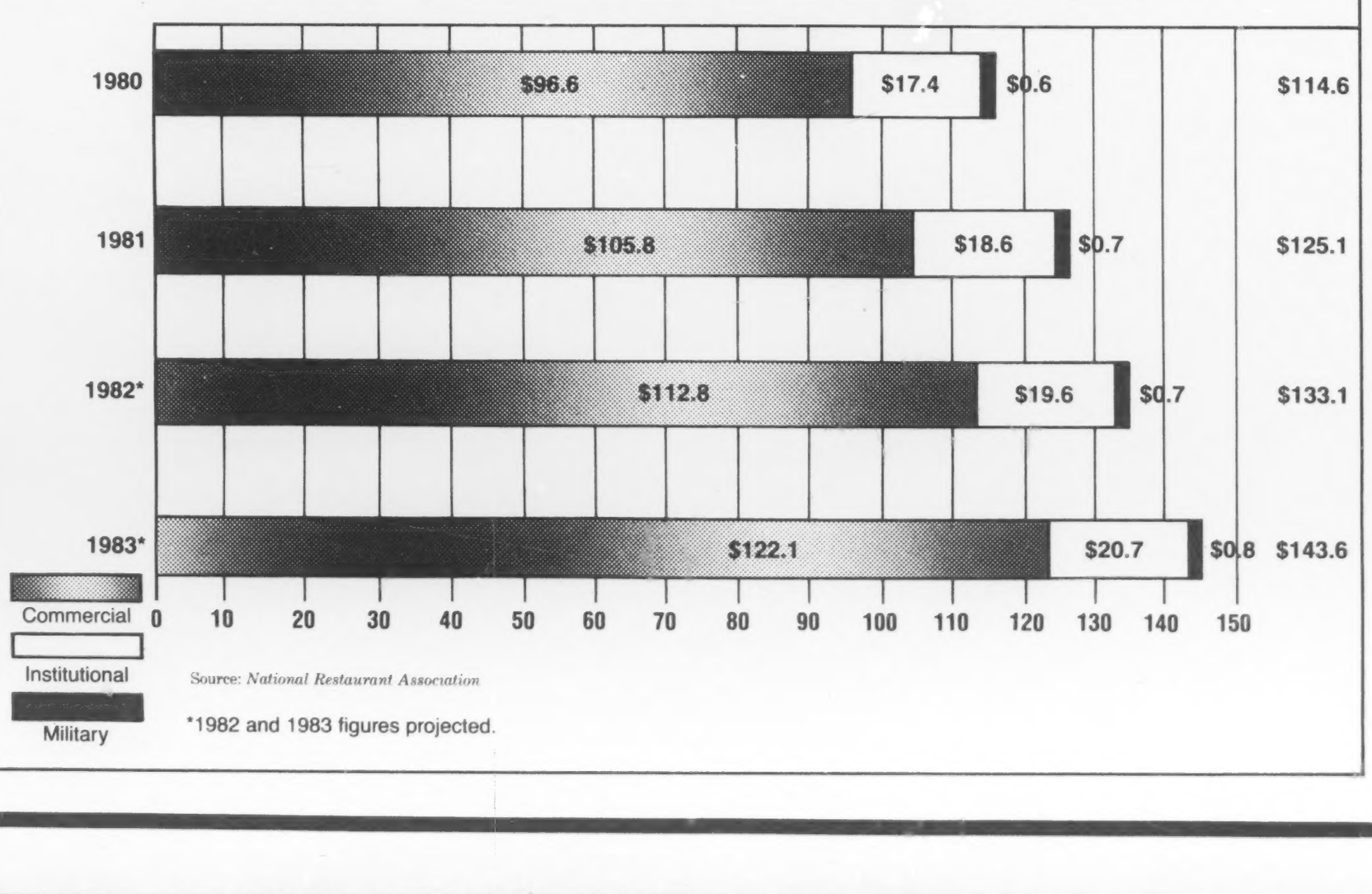
But another dinnerhouse operator, Steak & Ale, has apparently aborted its plans to franchise some of its dinnerhouses. The company had said the franchising of two units near Cincinnati foretold a franchising program for the division. But this program has not yet materialized.

The dark side of franchising—its potential for abuse—may also play a role in the next year's developments.

Hearings by a Congressional subcommittee last year uncovered several cases of marginal franchisees who apparently misled and exploited small-scale entrepreneurs who invested in their operations. The once-proud Arthur Treacher's system, wracked by a crippling lawsuit and a change in ownership, nearly completed its dissolution last year. The new owners of A & W have apparently begun an ambitious program to pare down the size of the almost-entirely franchised system.

*(Continued on page 42)*

***FOOD-SERVICE INDUSTRY SALES (IN BILLIONS), 1980-83***




Source: *National Restaurant Association*

*1982 and 1983 figures projected.

1/28/83
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**CONVENIENCE STORES**
***Muscling in on fast feeders—Pp. 25-31***


Nation's
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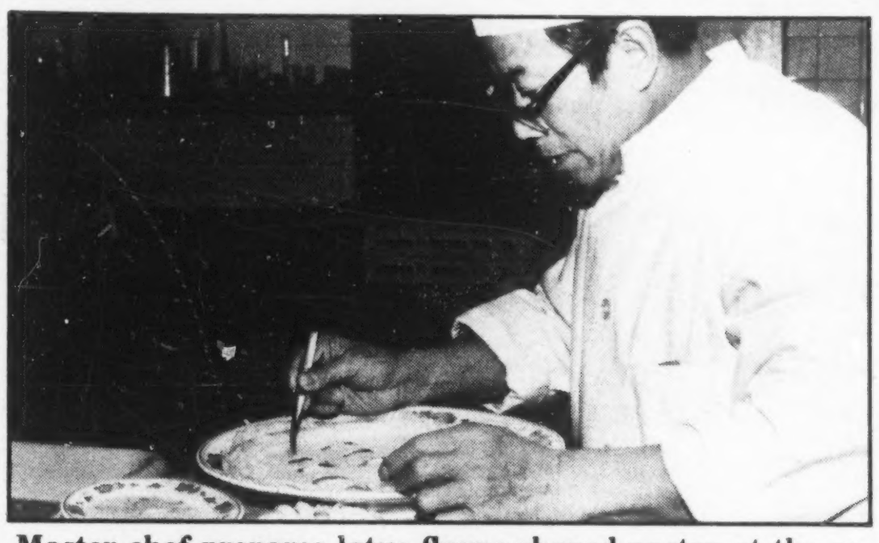

**Master chef prepares lotus flower-shaped pastry at the recently opened Sichuan Garden restaurant in Washington.**

## *China invades U.S. dining market*

**By Laura Woda and Ken Rankin**

WASHINGTON—The People's Republic of China is planning to launch a flagrantly capitalistic chain of authentic Szechwan restaurants in major United States cities over the next three years.

The flagship of the Chinese government's new food-service initiative—a 299-seat dinnerhouse staffed by "imported" master chefs from Szechwan Province—opened in Washington late last year within the shadow of the White House. (See story, page 2)

Like the other Peking-subsidized restaurants now on the

*(Continued on page 75)*

# HoJo unveils new strategy to overcome sluggish sales

**By Charles Forman**

BRAINTREE, Mass.—One year after the departure of family chieftain Howard B. Johnson, the wraps are slowly coming off a new strategic business plan at the Howard Johnson Co.

Key to the sluggish giant's assault on its problems is a carefully planned, major reorganization of the way the company manages and markets its restaurants and lodges.

This is under way after 12 months of planning led by G. Michael Hostage, who became board chairman, president and ceo Jan. 1, 1982. Howard Johnson's management declined to be interviewed on the plans.

Naked of frills, the strategy is undramatic, long term and, to some extent, obvious.

Hostage recently declared, "We're basically catching up with the rest of the industry."

HoJo's is also going to have to play catch-up with itself.

Earnings were essentially flat at about $33-$34 million from 1978 until last year. Now sources estimate about a 13% drop in earnings for fiscal 1982 ended Oct. 31.

In addition to earnings troubles, recent reports documenting Hostage's efforts have stressed what may be a growing public aversion to the Howard Johnson name.

Hostage's strategic approach to such complex problems embraces a few conceptually straightforward and simple imperatives.

First, HoJo's must enhance productivity of 800 existing Howard Johnson restaurant facilities and 500 motor lodges. At the same time, obstacles—like ensuring adequate unit management—that have barred more rapid expansion of the potentially high volume, high profit 200-unit Ground Round concept must be cleared away.

Another strategic move that has been highly publicized in recent weeks, a venture to build a 40-unit upscale hotel chain, may be something of a red herring.

A plan for a new hotel chain is being mulled by HoJo's British

**G. Michael Hostage**

parent, the Imperial Group PLC, a tobacco and food conglomerate that bought the American firm in 1980.

Officials at the highest level here insisted, nonetheless, that describing such a move a *fait accompli* is premature.

More likely is careful testing of the concept with much more limited financing than the $700 million one source indicated last

*(Continued on page 76)*

# Blackboard specials chalk up added revenue

**By Joe Edwards**

With the recession continuing to pressure food service, operators are rediscovering chalkboards listing daily specials as an effective marketing tool to generate higher sales.

Chalkboards and other handprinted signs strategically placed in a dining room can build check averages by inducing customers to order more expensive menu items or appetizers, desserts and specialty drinks they otherwise may have passed up.

Operators who use chalkboards also report that placing the signs outside restaurants on busy city streets or in shopping malls can lure customers inside.

What's more, these operators say, chalkboards enable them to take advantage of daily bargains in fresh food, sell slow-moving stock, enhance their restaurant's image, and save on menu printing costs.

"Yes, they're a good marketing tool," comments Ben Benson, part owner of several New York City restaurants including Smith & Wollensky, Ben Benson's Steakhouse and Thursday's. Benson uses chalkboards inside all his restaurants.

"It's very useful for us, primarily because we can decorate them a little, give them a personal touch," says Michael Fisher, a manager at Chestnut Street Grill in Chicago. Chalkboards, he adds, "are fresh looking. They give customers the impression that what you're serving is definitely special."

Benson especially likes chalkboards because they help him sell slow-moving menu items. "We list items we think we should push that day," he says. "We will put one or two specials or the catch of the day, but generally we put something that is getting a little backed up."

Chalkboards "do help move things," he adds. As one example, Benson cites orders for potato skins which jump from 10 to 30 a day when he lists them as a special on the chalkboard at Thursday's, his casual restaurant in midtown Manhattan.

At Smith & Wollensky, a handsome upscale steakhouse, a large chalkboard in the dining room serves several purposes. Fresh seafood and vegetables that are not available often enough to be listed on the printed menu get billing on the chalkboard. Also listed is the day's soup and the size of fresh lobsters.

At the seven Atlanta restaurants operated by the Peasant Company, chalkboards are used exclusively in a tradition dating back 10 years to when the first Pleasant Peasant restaurant opened.

"That's all we have is blackboards," says Leigh Bonnell.

*(Continued on page 76)*

ShowBiz sales drop 10%

# *Brock anticipating 4th qtr. loss*

**By Susan Spedalle**

DALLAS—Brock Hotel Corp., which derives half of its revenues from an 80% interest in ShowBiz Pizza Place, says it is anticipating an operating loss for the fourth quarter of this year. The company recently canceled an approximately $8 million stock offering and is laying off 20% of its employees at its new headquarters here.

Other moves affecting ShowBiz Pizza Places include rolling menu prices back 5%, taking the loss on the profit margin, and changing the admission policy to allow unaccompanied teenagers into the restaurants.

A 1.1 million share stock offer was withdrawn, said Bob Brock, because the current stock price, coupled with declining interest rates, did not make the offer attractive at this time. However, the $70 million necessary to build 65 company-owned ShowBiz units and three all-suite Park Suite hotels next year will be financed through other credit arrangements, such as operating leases, limited partnerships, and off-the-balance-sheet joint ventures, all of which the company has used in the past.

The anticipated loss for the fourth quarter comes on the heels of a bad third quarter for Brock and other pizza game companies. While Brock Hotel Corp. kept the stock market happy in the third quarter by posting a dividend from the sale of two hotels, sales for one-year-old ShowBiz stores dropped 10.7% for the three-month period from $382,000 to $341,000, while profits for those stores dropped 45% from $107,000 to $58,000. The decrease in profits, say company officials, is due to the recession and a decrease in games revenue from 28% to 24% of sales.

**Robert Brock**

Advertising and animation development fund contributions—which totaled 6% of sales—and the 1.5% of sales due to Pizza Time Theatre as a result of a lawsuit between the two companies settled earlier in the year, also contributed to the profits decline.

*(Continued on page 76)*

## LATE NEWSBREAKS

**Burger King may operate food-service facilities in some stores of the massive Woolworth chain if current negotiations are finalized. Officials are mum on any plans, but it could mean a unique breakthrough in a fast-food chain's operating units within stores.**

**Boston has banned video games in neighborhood businesses "in response to the demands of parents and local community residents for a stop to the video games invasion." Special recreation centers were exempted from the ruling. A number of cities and towns are moving to bar video games, which have become a feature of numerous restaurants.**

**Richard Rivera, former president of Dallas-based El Chico restaurants, has been named president of W. R. Grace's Atlanta-based Del Taco chain. He succeeds Richard Hynan.**

## FINANCIAL NEWS

# Collins scores 27% gain in 2nd- quarter net

LOS ANGELES—Collins Foods has scored a 27% increase in net income to $3.5 million for the second quarter ended Oct. 31, up from $2.7 million for the same period a year ago.

Sales for the period were $82.2 million, up 9% over last year's second quarter.

For the six months ended Oct. 31, net income increased to $6.7 million from $5.1 million a year ago. Revenues rose from $140.3 million to $170.2 million in the comparable periods.

Chairman and ceo James A. Collins credited his company's performance thus far this year to substantial increases in average unit sales, combined with higher profit margins created by economies of scale, improved commodity purchase prices and better store controls.

At the end of the second quarter the company operated or licensed 438 Sizzler Family Steak Houses and operated 198 Kentucky Fried Chicken stores and five Collins Foodservice distribution centers.

Meanwhile, Sizzler Restaurants International Inc., of which Collins Foods retained 72% ownership when taking the subsidiary public on Nov. 3, has posted a second-quarter increase of 106% in net income in its second quarter, also ended Oct. 31.

Sizzler president Thomas L. Gregory reported net income in the period was $1.4 million, compared with $682,000 in the second quarter last year. Revenues increased 14% to $31.2 million from $27.4 million.

For the six months ended Oct. 31, net income increased 137% to $2.8 million.

Gregory indicated the gain in operating income was primarily attributable to increased customer counts and revenues, as well as marketing strategies.

At the end of the second quarter Sizzler operated 132 and licensed 306 Sizzler Family Steak Houses.

# *Carl Karcher posts 3rd-qtr. earnings gain*

ANAHEIM, Calif.—Carl Karcher Enterprises Inc. has posted a 52% gain in earnings to $2.4 million for the third quarter ended Nov. 5 compared to the same period last year. Sales for the period were $55.7 million compared with $47.5 million the preceding year.

The company's 328-unit Carl's Jr. fast-food chain, which operates in California, Nevada and Arizona also reported a 62% gain in net income for the 40 weeks ended Nov. 5, or $7.5 million on sales of $175.3 million. Not counting income from the sale of the company's remaining Taco de Carlos restaurants the 40-week earnings gain was 51%, from $4.7 million in the like period of 1981.

President Donald F. Karcher indicated sales increases in the third quarter were not a result of menu price increases. "Real growth in sales on average unit volumes on a same-store basis were up 7.5% and new stores opened produced volumes considerably higher than previously existing stores."

Since January 1978 the company has opened 135 Carl's Jr. units and plans to open about 50 more in its present market.

# Food-service chain stock analysis table

| Name | Symbol | STOCK PRICE: Two Weeks Ended Dec. 31 High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | TREND TO MARKET: Price Trend (% per day) Last 30 Days | Price Trend Last 5 Days | Volume Trend (% per day) Last 30 Days | Volume Trend Last 5 Days | EARNINGS/SHARE: Last Fiscal Year | Latest 12 Months vs Preceding 12 Months Change Amt. | Change Pct. | 5-Year Annual Growth Rate | Profit Margin | P/E: Latest P/E Ratio | DIVIDENDS: Indicated Dvd. Rate Amt. | Yield | Last X-Dvd. Date | FINANCIAL POSITION: Last Fiscal Year Revenue | Earnings | Current Ratio | Last Fiscal Year (Per Share) Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Aca Los A Res | ALAR | 5.88 | 5.75 | 5.75 | -.38 | -6.12 | 7.88 | 3.50 | -1.14 | -.61 | 3.23 | 14.82 | .05 | -.42 F | -89.3 | -16.0 | .3 | 115.0 | .00 | .0 | 01-06-81 | 27.7 | 1.2 | 2.4 | 5.69 | 2.90 | 1081 |
| Am Motor Inns | INN | 27.75 | 25.88 | 26.88 | 1.13 | 4.37 | 30.50 | 12.00 | .08 | -.99 | -2.82 | 11.95 | 2.10 | .45 Q | 25.4 | 29.0 | 7.0 | 12.1 | .25 | .9 | 12-26-82 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 36.25 | 34.25 | 35.25 | .25 | .71 | 36.25 | 23.50 | .32 | -.46 | 1.73 | 19.83 | 3.43 | -.57 F | -14.2 | -2.0 | 1.4 | 10.3 | 2.00 | 5.7 | 11-24-82 | 2915.9 | 45.1 | 1.2 | 21.04 | 44.21 | 0981 |
| Assoc Hosts | AHST | 9.13 | 7.63 | 9.13 | 1.63 | 21.67 | 9.13 | 5.00 | 1.06 | .83 | .94 | -3.02 | .58 | -.08 F | -12.1 | -11.0 | 2.2 | 15.7 | .12 | 1.3 | 12-06-82 | 79.9 | 2.1 | 1.5 | 6.40 | 7.04 | 0981 |
| Beefsteak Char | BCS | 6.50 | 5.50 | 5.88 | -.63 | -9.62 | 8.25 | 2.88 | -.83 | -1.06 | -5.16 | 3.91 | .62 | .16 N | 25.3 | 33.0 | 2.4 | 7.4 | .00 | .0 | 00-00-00 | 86.2 | 2.1 | 1.2 | 1.49 | 3.09 | 1081 |
| Bob Evans Farms | BOBE | 36.50 | 36.25 | 36.25 | 1.25 | 3.57 | 38.75 | 19.53 | .72 | -.45 | .09 | 61.37 | 1.45 | .08 S | 5.9 | 23.0 | 7.9 | 25.3 | .40 | 1.1 | 11-05-82 | 173.4 | 13.7 | 1.7 | .00 | 6.90 | 0482 |
| Bonanza Intl Inc | BNZA | 3.38 | 3.25 | 3.25 | .00 | .00 | 3.75 | 1.06 | -.08 | -1.28 | -3.90 | .80 | -3.33 | -.69 N | NE | -62.0 | -61.8 | NE | .00 | .0 | 00-00-00 | 24.1 | 14.9 | 1.2 | 11.24 | 1.50 | 1281 |
| Brock Hotel Cp | BHC | 9.00 | 7.50 | 8.75 | .50 | 6.06 | 17.50 | 7.50 | -1.11 | -.71 | 5.00 | -14.04 | .59 | .30 N | 73.1 | 23.0 | 4.3 | 12.3 | .10 | 1.1 | 09-27-82 | 165.1 | 7.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Cainy Food | CLNY | 11.75 | 10.25 | 11.00 | 1.00 | 10.00 | 11.75 | 4.91 | 1.90 | -2.50 | 6.45 | -25.40 | .74 | .50 N | 119.0 | 9.0 | 3.2 | 12.0 | .12 | 1.1 | 11-24-82 | 37.0 | 1.2 | .6 | 1.01 | 1.51 | 0282 |
| Carrols Develop | CRL | 11.25 | 10.25 | 10.50 | -.13 | -1.18 | 12.50 | 4.13 | .48 | -1.48 | -1.45 | -2.02 | .66 | .52 Q | 126.8 | 21.0 | 1.9 | 11.3 | .09 | .9 | 12-24-81 | 68.6 | 1.3 | .6 | 9.82 | 5.99 | 0582 |
| Chart House | CHHO | 25.75 | 24.50 | 25.00 | .25 | 1.01 | 28.13 | 15.88 | -.41 | -1.30 | -1.08 | -21.12 | 2.03 | .16 N | 8.2 | 13.0 | 5.0 | 11.9 | .60 | 2.4 | 12-27-82 | 353.9 | 17.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 25.25 | 20.88 | 23.88 | 3.28 | 15.93 | 25.25 | 7.41 | 1.00 | -.15 | 2.44 | -7.74 | .37 | .18 S | 60.0 | 26.0 | 11.1 | 49.7 | .00 | .0 | 12-20-82 | 14.9 | 2.1 | 3.1 | .74 | .82 | 0481 |
| Ch Full O Nut | CHF | 14.38 | 13.13 | 13.50 | -.50 | -3.57 | 18.25 | 9.25 | .04 | -1.28 | -1.21 | 22.35 | .34 | -.23 Q | -38.3 | -13.0 | 1.4 | 36.5 | .40 | 3.0 | 12-09-82 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 37.00 | 35.63 | 36.25 | -.50 | -1.36 | 40.75 | 25.00 | -.40 | -.24 | -2.39 | 29.72 | 3.52 | -.06 N | -1.7 | 16.0 | 10.8 | 10.6 | 1.00 | 2.8 | 10-25-82 | 412.1 | 44.6 | 1.9 | 1.02 | 15.25 | 1281 |
| Cindys Inc | CNDYC | 3.88 | 3.75 | 3.75 | .00 | .00 | 3.88 | 2.63 | .23 | -.93 | 2.96 | -12.02 | -.06 | 1.37 F | NE | NE | -.6 | NE | .00 | .0 | 00-00-00 | 17.0 | -.1 | .0 | 7.17 | .29 | 1281 |
| Collins Foods | CF | 20.50 | 19.50 | 19.88 | -.50 | -2.45 | 22.63 | 8.53 | -.01 | -.54 | -1.16 | 2.64 | 1.69 | .50 S | 33.1 | 15.0 | 3.2 | 9.9 | .24 | 1.2 | 12-23-82 | 298.0 | 9.6 | 1.3 | 7.44 | 10.69 | 0482 |
| Consul Corp | CNSL | 11.75 | 10.88 | 11.38 | .38 | 3.41 | 11.88 | 5.25 | .78 | -.37 | -.50 | -18.10 | .00 | -.08 Q | -88.8 | NE | .0 | -137.5 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 21.00 | 18.75 | 21.00 | 2.00 | 10.53 | 22.50 | 7.25 | .42 | .80 | -1.49 | 14.71 | 1.03 | .05 Q | 4.6 | 19.0 | 3.7 | 18.6 | .00 | .0 | 00-00-00 | 35.4 | 1.3 | 1.9 | 5.35 | 6.69 | 0782 |
| Dennys Inc | DEN | 32.63 | 30.50 | 32.13 | -.50 | -1.53 | 36.88 | 18.34 | -.24 | .74 | .19 | -70.96 | 2.47 | .40 Q | 18.6 | 9.0 | 3.9 | 12.6 | .64 | 2.0 | 12-07-82 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 25.75 | 25.00 | 25.75 | 1.75 | 7.29 | 28.38 | 11.13 | -.20 | -.41 | -2.02 | -20.15 | 2.10 | .28 F | 15.3 | 19.0 | 8.8 | 12.3 | .36 | 1.4 | 11-05-82 | 68.7 | 5.7 | 1.3 | 11.44 | 10.61 | 1081 |
| Frischs | FRS | 14.50 | 13.75 | 14.13 | .00 | .00 | 14.50 | 7.09 | .46 | -1.19 | 4.32 | 13.30 | 1.80 | .10 Q | 6.2 | 16.0 | 3.8 | 8.3 | .40 | 2.8 | 11-29-82 | 101.0 | 3.8 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 16.25 | 15.50 | 15.63 | -.75 | -4.58 | 17.13 | 9.63 | .20 | -1.28 | -3.74 | 12.20 | .58 | .63 N | NC | 130.0 | 16.0 | 24.8 | .00 | .0 | 00-00-00 | 33.8 | 5.4 | 2.0 | .76 | 1.01 | 1281 |
| Hambrg Hamlet | HAMB | 6.00 | 6.00 | 6.00 | -.25 | -4.00 | 8.25 | 5.00 | .02 | -.43 | 3.47 | -78.57 | 1.35 | .60 Q | 111.1 | -9.0 | 3.2 | 5.3 | .00 | .0 | 00-00-00 | 31.6 | 1.0 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.00 | 1.00 | 1.00 | .00 | .00 | 4.38 | 1.00 | -1.02 | .00 | .53 | -40.96 | -2.22 | -5.08 N | -336.8 | -63.0 | -11.4 | NE | .00 | .0 | 00-00-00 | 30.6 | -3.5 | 1.4 | 18.38 | 8.12 | 0981 |
| Hilton Hotels | HLT | 48.00 | 45.75 | 46.63 | .25 | .54 | 52.00 | 27.63 | .19 | -.85 | -2.26 | 34.68 | 4.22 | -.65 N | -15.7 | 20.0 | 20.9 | 13.4 | 1.80 | 3.9 | 12-13-82 | 539.3 | 112.6 | 2.0 | 4.48 | 19.98 | 1281 |
| Holiday Inns | HIA | 37.00 | 33.50 | 37.00 | 3.50 | 10.45 | 38.75 | 23.75 | -.15 | .39 | 3.21 | -9.97 | 3.66 | .57 N | 20.1 | 22.0 | 7.8 | 10.9 | .80 | 2.2 | 12-13-82 | 1765.1 | 137.4 | .8 | 20.99 | 25.33 | 1281 |
| Holiday Inns A | HIA A | 55.00 | 53.00 | 55.00 | 4.25 | 8.37 | 55.50 | 36.00 | -.09 | 1.19 | 11.48 | .00 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 24.25 | 22.00 | 23.38 | .38 | 1.63 | 25.63 | 9.22 | .24 | -.78 | .58 | -24.39 | .95 | .05 N | 5.5 | 30.0 | 2.7 | 24.6 | .00 | .0 | 09-27-82 | 166.1 | 4.5 | 1.7 | 11.45 | 6.30 | 1281 |
| Hungry Tiger | HTIG | 9.25 | 7.75 | 9.00 | 1.00 | 12.50 | 9.25 | 4.00 | .30 | -.14 | .37 | -53.17 | .78 | .11 F | 16.4 | 38.0 | 3.8 | 11.5 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 1.94 | 1.75 | 1.75 | -.19 | -9.68 | 2.00 | 1.25 | -.32 | -1.08 | 8.57 | -10.00 | .24 | .00 F | .0 | 2.0 | 2.0 | 7.3 | .14 | 8.0 | 09-28-82 | 8462.9 | 171.0 | 1.1 | .65 | 2.08 | 1081 |
| Intl Dairy Queen | INDQ | 23.75 | 20.75 | 20.75 | -3.50 | -14.43 | 24.50 | 9.25 | -.01 | -3.37 | -.37 | 22.79 | 1.72 | .44 N | 27.1 | 38.0 | 6.1 | 10.1 | .00 | .0 | 00-00-00 | 91.3 | 5.6 | 1.1 | 9.68 | 5.82 | 1181 |
| Int King Tab | IKNG | 9.13 | 9.00 | 9.00 | .38 | 4.35 | 10.25 | 1.75 | .50 | -.43 | -2.65 | 12.13 | .33 | 1.22 Q | NE | -21.0 | 1.4 | 18.8 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 10.75 | 10.00 | 10.38 | -.88 | -7.78 | 11.75 | 3.75 | .26 | -.59 | 5.34 | -42.56 | .93 | .30 F | 47.6 | 3.0 | 3.5 | 11.2 | .16 | 1.5 | 10-29-82 | 36.4 | 1.1 | .9 | 5.18 | 5.01 | 0981 |
| Jerrico Inc | JERR | 26.00 | 25.00 | 25.88 | .50 | 1.97 | 29.38 | 15.63 | -.44 | .09 | -1.67 | 47.57 | 1.75 | -.12 Q | -6.6 | 23.0 | 5.1 | 15.3 | .12 | .5 | 11-05-82 | 425.5 | 21.8 | .9 | 3.64 | 11.24 | 0682 |
| Kapok Tr Inns | KTI | 4.38 | 4.13 | 4.38 | .00 | .00 | 4.50 | 3.00 | .74 | .23 | .44 | -9.30 | -.37 | -.13 F | NE | -31.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 13.8 | -.4 | 3.1 | 1.93 | 5.84 | 0981 |
| Kelly-Johnston | KEJO | 21.13 | 19.88 | 20.00 | -2.00 | -9.09 | 24.50 | 9.34 | .58 | -1.62 | 2.55 | 5.14 | .59 | .14 S | 30.4 | 106.0 | 8.4 | 33.3 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 20.75 | 19.75 | 20.50 | .75 | 3.80 | 22.50 | 8.88 | -.12 | -.79 | 2.80 | -8.71 | 1.51 | 1.78 N | NC | 17.0 | 3.4 | 11.5 | .00 | .0 | 00-00-00 | 200.6 | 6.9 | 1.9 | 6.43 | 8.34 | 0182 |
| Lubys Cafe | LUB | 39.50 | 37.50 | 37.50 | -1.50 | -3.85 | 40.75 | 24.50 | .15 | -1.46 | -1.62 | 30.54 | 1.69 | .24 Q | 15.8 | 21.0 | 9.1 | 21.4 | .60 | 1.6 | 12-13-82 | 127.3 | 11.6 | 1.9 | .80 | 8.49 | 0882 |
| Marcus Corp | MRCS | 8.88 | 8.50 | 8.75 | .25 | 2.94 | 9.25 | 5.00 | -.29 | -.88 | .83 | -36.70 | 1.13 | -.09 S | -7.3 | 3.0 | 5.7 | 7.7 | .00 | .0 | 08-24-81 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 58.13 | 56.25 | 57.88 | -.25 | -.43 | 61.88 | 32.00 | .11 | -.05 | .56 | 2.47 | 3.20 | .29 N | 9.5 | 29.0 | 4.3 | 17.3 | .36 | .6 | 12-20-82 | 2000.3 | 86.1 | .9 | 23.23 | 16.12 | 1281 |
| McDonalds Cp | MCD | 59.50 | 56.50 | 59.50 | 1.38 | 2.37 | 65.63 | 38.69 | -.29 | .44 | 2.19 | 5.88 | 4.36 | .65 N | 15.4 | 18.0 | 10.7 | 12.2 | .88 | 1.5 | 10-15-82 | 2477.2 | 264.8 | .5 | 15.35 | 22.73 | 1281 |
| Morrison Inc | MORR | 17.00 | 15.50 | 17.00 | 1.00 | 6.25 | 17.25 | 8.13 | .21 | 1.03 | 1.93 | 25.93 | 1.16 | .29 Q | 30.5 | 8.0 | 4.1 | 13.7 | .36 | 2.1 | 01-03-83 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 2.50 | 2.25 | 2.38 | -.13 | -5.00 | 3.38 | 1.75 | .37 | -.41 | -1.17 | -23.42 | -.98 | -1.20 F | -545.4 | -29.0 | -2.9 | NE | .00 | .0 | 05-29-80 | 55.7 | .3 | 1.4 | 3.45 | 4.70 | 0981 |
| Nathans | NATH | 2.25 | 1.88 | 1.88 | .25 | 15.38 | 2.25 | .59 | 1.97 | -1.63 | 4.94 | 2.77 | .03 | .79 Q | NE | NE | .6 | 46.9 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles Inc | NAUG | 18.50 | 17.00 | 18.50 | 1.00 | 5.71 | 21.50 | 6.84 | .05 | .64 | 4.22 | -31.39 | .78 | .83 Q | NC | 48.0 | 3.9 | 22.3 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 14.00 | 14.00 | 14.00 | .00 | .00 | 14.00 | 9.00 | -.09 | -.46 | -8.26 | -8.33 | 1.74 | -.83 N | -47.9 | 3.0 | 1.3 | 15.6 | .32 | 2.3 | 09-13-82 | 133.4 | 1.7 | .8 | 5.60 | 13.02 | 0981 |
| Orange-co | OJ | 4.75 | 4.38 | 4.75 | .13 | 2.70 | 11.13 | 4.38 | -.80 | .93 | 3.78 | 18.17 | -.20 | -1.25 F | -119.0 | 22.0 | -.8 | NE | .20 | 4.2 | 02-22-82 | 76.2 | 4.1 | 1.9 | 10.24 | 7.21 | 0881 |
| Piccadilly Caf | PICC | 16.75 | 16.25 | 16.75 | .63 | 3.88 | 18.13 | 13.50 | .17 | -.10 | 3.50 | -20.85 | 1.39 | .03 Q | 2.2 | 13.0 | 5.9 | 12.1 | .56 | 3.3 | 12-09-82 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 6.38 | 5.88 | 6.13 | -.25 | -3.92 | 7.38 | 4.50 | -.39 | -.95 | -.58 | -11.49 | .50 | -.17 N | -27.4 | -8.0 | 1.0 | 13.6 | .00 | .0 | 00-00-00 | 133.5 | 1.4 | .9 | 12.94 | 6.65 | 1281 |
| Pizza Time Thea | CHKY | 15.75 | 14.38 | 15.13 | -1.38 | -8.33 | 32.50 | 14.25 | -1.35 | -1.30 | -.63 | 2.47 | .58 | .78 N | 229.4 | 42.0 | 7.2 | 13.5 | .00 | .0 | 00-00-00 | 36.2 | 2.6 | 3.2 | .81 | 7.87 | 1281 |
| Ponderosa Sys | PON | 26.75 | 25.00 | 25.75 | .38 | 1.48 | 28.00 | 12.00 | -.16 | -.01 | -3.26 | -6.69 | 2.01 | .97 N | 67.3 | -6.0 | 2.4 | 10.7 | .50 | 1.9 | 09-21-82 | 353.9 | 8.5 | 1.0 | 19.96 | 16.83 | 0282 |
| Ramada Inns | RAM | 5.25 | 4.88 | 5.00 | .00 | .00 | 6.50 | 4.25 | -.67 | -.26 | 2.34 | 23.68 | .05 | -.60 N | -272.7 | -24.0 | .4 | NE | .00 | .0 | 10-19-81 | 395.5 | 1.4 | .6 | 18.98 | 6.03 | 1281 |
| Restaur Assc | RA | 5.88 | 5.63 | 5.63 | -.13 | -2.17 | 7.50 | 3.25 | -.42 | -.86 | -4.70 | 13.01 | .97 | -.32 N | -32.6 | 42.0 | 2.4 | 8.5 | .00 | .0 | 00-00-00 | 99.2 | 2.4 | 1.3 | 3.17 | 6.38 | 1281 |
| Saga Corp | SGA | 39.75 | 38.38 | 39.25 | .63 | 1.62 | 44.00 | 16.75 | -.29 | -.39 | -1.21 | 68.96 | 3.35 | .90 Q | 34.8 | 40.0 | 1.9 | 11.3 | .56 | 1.4 | 11-15-82 | 901.0 | 16.8 | .9 | 8.51 | 17.72 | 0682 |
| Sea Galley | SEAG | 7.13 | 5.88 | 7.13 | 1.00 | 16.33 | 10.63 | 5.50 | -1.09 | 1.98 | 5.85 | -7.10 | .68 | -.17 N | -24.6 | 45.0 | 4.5 | 13.7 | .00 | .0 | 06-02-81 | 49.0 | 2.2 | 1.8 | 2.38 | 4.99 | 1281 |
| Servico Inc | SRVI | 11.50 | 10.75 | 11.00 | .00 | .00 | 13.00 | 7.03 | -.55 | -.92 | -2.71 | 8.52 | 1.54 | -.82 N | -43.6 | 61.0 | 3.5 | 10.4 | .00 | .0 | 07-09-82 | 126.4 | 4.4 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 29.25 | 28.38 | 28.75 | .38 | 1.32 | 29.50 | 12.63 | .56 | -.55 | 4.17 | 6.12 | 1.03 | .25 N | 25.7 | 21.0 | 5.5 | 23.6 | .20 | .7 | 01-05-83 | 269.4 | 14.8 | 1.0 | 1.97 | 5.03 | 1081 |
| Skippers | SKIP | 7.25 | 7.00 | 7.25 | .25 | 3.57 | 7.75 | 4.25 | .13 | -.45 | 1.86 | 47.80 | .73 | -.46 N | -46.0 | 4.0 | 3.0 | 13.4 | .08 | 1.1 | 10-18-82 | 33.7 | 1.0 | 1.2 | 3.45 | 6.07 | 1281 |
| Sonesta Hotel | SNSTZ | 15.00 | 15.00 | 15.00 | .00 | .00 | 15.00 | 8.50 | .26 | -.47 | 2.33 | 85.64 | .94 | -.70 N | -40.2 | 39.0 | 1.4 | 14.4 | .20 | 1.3 | 06-25-82 | 145.0 | 2.1 | .9 | 27.74 | 10.01 | 1281 |
| So Hospitality | SHOS | 3.25 | 3.13 | 3.25 | .25 | 8.33 | 3.50 | 1.00 | 1.53 | -.41 | 1.29 | 29.01 | .14 | .16 Q | NC | 21.0 | 2.5 | 20.3 | .00 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 3.75 | 3.50 | 3.50 | -.19 | -5.08 | 4.00 | 2.50 | 1.11 | -2.21 | -3.31 | -.20 | .18 | .12 F | 200.0 | -28.0 | 1.4 | 19.4 | .00 | .0 | 05-17-79 | 56.5 | .3 | 1.2 | 4.60 | 2.60 | 0981 |
| Victoria Stations | VSTA | 6.13 | 5.75 | 5.75 | .13 | 2.22 | 11.00 | 5.00 | .07 | -1.93 | -.27 | -2.75 | .35 | .58 S | NE | -38.0 | 1.0 | NE | .00 | .0 | 09-19-79 | 123.4 | 1.2 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 15.63 | 14.13 | 14.63 | -.25 | -1.68 | 16.75 | 8.16 | -.31 | -1.80 | -1.51 | 14.40 | 1.01 | .10 N | 10.1 | 18.0 | 7.6 | 13.4 | .24 | 1.6 | 11-26-82 | 486.6 | 36.9 | .6 | 2.56 | 5.27 | 1281 |
| Webb Del E | WBB | 11.00 | 10.00 | 10.13 | -.25 | -2.41 | 11.50 | 4.88 | .14 | -1.07 | -.50 | 7.47 | .56 | .81 N | NE | -24.0 | 1.3 | 18.4 | .00 | .0 | 11-07-80 | 414.8 | 5.3 | 1.1 | 16.12 | 13.25 | 1281 |
| Winners Cp | WNER | 14.88 | 14.25 | 14.38 | -.63 | -4.17 | 16.50 | 6.38 | .26 | -.59 | -2.17 | 2.14 | .67 | .84 N | NC | 6.0 | 2.1 | 17.1 | .00 | .0 | 00-00-00 | 72.7 | 1.5 | .3 | 13.37 | 7.09 | 1281 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

# Tropicana restructures debt, wins permanent gaming license

ATLANTIC CITY, N.J.—Ramada Inns has succeeded in restructuring $110 million in loan payments for its Tropicana casino-hotel here and in winning a permanent gaming license from state authorities.

The 520-room property cost $330 million to build after early estimates of $136 million. It is the costliest casino-hotel built at this seaside resort. Open for a year, it has yet to turn a profit and its debt-load is pulling the Phoenix-based hospitality company into a second year of net losses now expected to exceed $11 million.

Ramada reported net profits of $1.8 million for the third quarter ended Sept. 30, compared to a $38.4 million net loss in the 1981 quarter. Revenues climbed 36% to $150 million, largely due to the new casino.

For the nine-month period, Ramada reported a net loss of $10.9 million, compared to a $29.3 million deficit last year. Nine-month revenues rose 36% to $421.4 million.

The new loan agreement, which Ramada signed with a banking consortium led by Continental Illinois in November, stretches out repayment of a $110 million loan borrowed for the Tropicana and establishes a new line of revolving credit.

The old agreement required nearly $70 million in principal payments in January 1984.

Under the new deal, the loan is stretched to seven years with payments of $5 million in 1983, $10 million in 1984, $15 million in 1985 and $20 million each year after that through 1989. The interest rate is 10% over prime.

Under the revolving loan agreement, Ramada has an $83 million credit line, with $36 million earmarked to get Ramada through the winter with working capital. The credit line will narrow to $55 million by November 1983.

While the $110 million restructuring is secured by the hotel, the revolving agreement is secured by a number of Ramada assets including its domestic hotel properties.

Ramada has been selling off hotel properties to pay down debt. Lost profits from the sold-off properties are more than offset by revenues from franchise or management fees and interest income on being a mortgage-holder, the company says.

The hotel group reported an 18% decline in operating profits to $20.8 million for the third quarter. Revenues declined 9% to $75.9 million.

Occupancy rates in Ramada hotels dropped 2.2 points to 72.6%, third quarter to third quarter, without room rate increases.

For the nine-month period, the hotel group reported operating profits up 8% to $63.9 million. Revenues fell 5% to $223.7 million.

But, Richard Snell, chairman and president, noted, "Our hotel business is fighting a difficult economy, with the entire industry seeing weaker demand and more promotional pricing."

Snell predicted "Ramada will report a loss in the fourth quarter" and "a net loss for the year exceeding the nine-month deficit."

Last year Ramada's third quarter losses were ballooned by write-offs for preopening expenses at the Tropicana, a loss on the sale of a securities portfolio, and the shutdown of a subsidiary that provided automation services to other firms.

Before interest and depreciation expenses, the Tropicana posted $11.2 million in operating profits in the third quarter. Also before interest and depreciation expenses, the Las Vegas Tropicana had an operating loss of $592,000, compared to a $2.8 million operating profit last year. In addition, the company wrote off $1 million in bad debts tied to the devaluation of the Mexican peso.

The operating profits in the hotel group were boosted by property sales. The company realized pretax gains of $2.1 million, compared to $1.6 million in the third quarter of 1981. For the nine months, gains from property sales were $13.9 million compared to $2 million last year.

# Bob Evans Restaurants' profits up 14% in 2nd qtr.

COLUMBUS, Ohio—Profits at Bob Evans Farms Restaurants rose 14% to $2.4 million in the second quarter ended Oct. 29 from $2.1 million in the same period a year earlier. Restaurant division sales in the quarter jumped 15% to $27.1 million from $23.6 million the previous year.

For the six months ended Oct. 29, restaurant division profits were $4.6 million on sales of $53 million, compared to $4.2 million profits on $45.9 million sales in the six month period a year earlier.

Bob Evans Farms Inc. operates 86 Bob Evans Farms Restaurants, mostly in the Midwest, and a retail sausage business in 16 states and Washington, D.C.

Restaurant division sales increases so far this year are attributable to new restaurant openings, according to a company statement. Four new restaurants were opened in the second quarter.

Overall company profits in the second quarter dropped to $3.3 million from $3.5 million a year earlier on an increase in sales to $48.6 million from $44.2 million a year earlier. Net income in the first six months dropped to $6.6 million from $6.8 million a year earlier on an 11% rise in sales to $93 million.

Narrower margins in the sausage division caused by record high live hog prices were blamed for the drop in net income.

Bob Evans Farms restaurant division plans to open five family restaurants in the third quarter and one in the fourth, bringing to 92 the total number of Bob Evans Farms Restaurants scheduled to be operating at the end of the current fiscal year April 30.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Luby's Inc. | 3 mos. | 11/30 | | | $ 34.067 | 12.0 | 3.207 | 25.0 |
| Southern Hosp. Corp. | 13 wks. | 11/30 | | | 6.765 | 38.0 | $226,676 | 144.0 |
| | 6 mos. | | | | 12.253 | 24.0 | $414,496 | 148.0 |
| Chi-Chi's Inc. | 13 wks. | 10/31 | | | 23.876 | 116.0 | 2.371 | 112.0 |
| | 6 mos. | | | | 44.191 | 118.0 | 4.425 | 82.0 |
| Sambo's Rests. | 13 wks. | 9/30 | $ 80.202 | (36.1) | | | (8.005) | |
| | 9 mos. | | 220.579 | (40.0) | | | (62.017) | |
| Sizzler Rests. | 13 wks. | 10/31 | | | 31.244 | 14.0 | 1.408 | 6.4 |
| | 6 mos. | | | | 66.252 | 20.0 | 2.821 | 137.0 |
| Ponderosa Inc. | 12 wks. | 11/4 | | | 91.827 | 10.0 | 3.413 | 62.6 |
| | 39 wks. | | | | 273.868 | 5.8 | 9.114 | |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Ponderosa's net profits jump 62% in 3rd quarter

DAYTON, Ohio—Ponderosa, operator of 693 budget steakhouses and four Casa Lupita full-service Mexican dinnerhouses, reported a 62% profit increase to $3.4 million for the third quarter ended Nov. 4 compared with the same period a year ago.

Sales increased 10% to $91.8 million during the quarter, according to Gerald S. Office, the company's president and chief executive officer.

These results boosted Ponderosa to a 27% profit increase of $9.1 million and a sales gain of 5.8% to $273.8 million for the first three quarters of the fiscal year.

Office attributed these results to "the success of Ponderosa's marketing programs." He said the company's gains were achieved during a time of deep recession in its principal market areas and heavy unemployment among the blue-collar workers who have been Ponderosa's major customers.

But improved customer counts were not the only good news to Ponderosa this year. Operating costs declined, Office said, adding that the company has also cut food costs from 44.7% of sales a year ago to 42%.

A stock offering during the third quarter helped Ponderosa raise about $21.3 million in new equity capital. Besides raising funds for the development of the company's newly acquired Casa Lupita concept, the offering reduced its debt-to-equity ratio 33% to 0.63 over the quarter.

The company recently opened its pilot Casa Lupita restaurant in Dayton. The restaurant, the first operation other than a budget steakhouse ever opened by the company, joins the three Casa Lupitas acquired by the company last year.

Steakhouses in Newark, Ohio and Fort Myers, Fla., will be converted to the Casa Lupita concept. The company, which bought Casa Lupita as a conversion vehicle for its lower-performing steakhouses, may also attempt to franchise the concept.

Ponderosa's 1983 results to date would appear to vindicate the strategic plan Office unveiled a year ago. He then indicated the company would use marketing and stable prices to increase customer counts at the restaurants, confident that the highly leveraged system would reap much greater profits than if it were dependent on franchised stores.

More than 65% of the company's steakhouses are company-operated. The second-largest budget steakhouse chain Bonanza, by contrast, is entirely franchised.

But one observer attributed Ponderosa's gains not to its restaurant operations but to its wholly owned meat packing and distributing subsidiary, ESI Meats. The ESI system has become a major contributor to the company's bottom line through its heavy sales of meat products to outside customers.


*This advertisement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.*

*December 23, 1982*

620,000 Shares

JB's RESTAURANTS, INC.

Common Stock

Price $10.125 Per Share

*Copies of the Prospectus may be obtained from such of the Underwriters as may legally offer these securities in compliance with the securities laws of the respective states.*

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# NRN FOCUS

## CONVENIENCE STORES

## *7-11 focus on marketing puts food on back burner*

DALLAS—New products appear back-burnered at Southland Corp.'s 7,100-unit 7-Eleven chain while attention is focused on marketing.

Southland has boosted its ad budget by 40% to $135 million, which amounts to 3% of sales. Using food service as a price-leader, 7-Eleven deeply discounts soft drinks and hot sandwiches to generate related-item sales.

Current campaigns take dead aim at the breakfast market in hopes of stealing customers from fast feeders, and at the dinner market where 7-Eleven battles supermarkets.

New box packaging to replace cellophane wrappers is being tested in the 145-store Utah market. The box is meant to lengthen shelf-life.

New capital expenditures are going into gasoline and diversification. The company is working to expand its number of stores with gas pumps from the 2,500-store base it has now. Last year 7-Eleven increased the number of stores with gas service by 12% and saw sales rise 21%. A new subsidiary has been formed to handle it.

In addition, the company is moving into manufacturing and distribution, and will expand its chain of auto-parts stores.

Total fast-food-related sales at the end of 1982 were expected to reach $1 billion, ranking it not far below fast-food chains Wendy's International or Hardee's Food Systems.

7-Eleven enjoys an 18% share of the c-store industry, which is comparable to McDonald's power in the fast-food business.

7-Eleven's centerpiece is the burrito, rolled out in 1978 after seven years of tests that left fried chicken, french fries and some other items by the wayside.

**While attention at Southland's 7-11 chain is focused on marketing, their fast-food centerpiece will remain the burrito (inset).**

## *Majic Markets' turnaround strategy keyed to fast food*

ATLANTA—After closing 500 stores in four years, Dillard Munford, chairman and chief executive of Munford Inc., declared in 1980, "Enough is enough!"

His turnaround strategy keyed on developing fast food at the company's Majic Markets which had temporarily lost their magic.

At year's end 1982, the chain numbered 980 units, still 160 less than in 1980, but sales and earnings appeared back on track.

Self-serve soda fountains had been installed in more than half the stores and the existing hot sandwich line had been expanded. The program was remerchandised under the theme HOTS, for Hot-on-the-Spot.

The company is toying with full-line delis, in-store-prepared baked goods and fried chicken. But any big food-service plans have been shelved.

"We tried it once and we won't try it again," president Russell Fellows said, recalling a short fling as a fried chicken chain in Louisville, Ky., 15 years ago that was crushed by the savvy and power of Kentucky Fried Chicken.

"Bakery and deli works best in small markets, where there isn't a lot of established fast-food."

Nevertheless, Majic Markets plans a store in St. Louis, Mo., early this year which will serve fried chicken and fresh-baked doughnuts.

### *TOP CONVENIENCE STORE CHAINS RANKED BY NUMBER OF STORES*

| Chain | Headquarters | Stores |
|---|---|---|
| **7-Eleven** (Southland Corp.) | Dallas | 7,100 |
| **Circle K** | Phoenix | 1,200 |
| **Cumberland Farms** | Canton, Mass. | 1,100 |
| **Convenient, Food Mart** | Chicago | 1,050 |
| **Majic Market** (Munford Inc.) | Atlanta | 980 |
| **Utotem** (American Financial Corp.) | Houston | 900 |
| **Shop N Go** (National Convenience Stores) | Houston | 860 |
| **Lawson's** (Consolidated Foods Corp.) | Cuyahoga Falls, Ohio | 700 |

Source: NRN Research

## *NCS expanding meal service*

HOUSTON—After a feverish year in which four small chains were acquired, peaking the chain's size at 922 units, National Convenience Stores has fallen back to 860 stores, but continues to march forward with expanded plans for food service.

NCS, which operates stores under the Stop N Go and Shop N Go banners, has equipped 430 stores with self-service fast-food centers, and expects to install an additional 30 when the fiscal year ends in June. The company is limited in expanding fast food because it has only two commissaries—in Houston and Anaheim, Calif.—to serve about 600 stores.

Nevertheless, NCS plans to open eight Superstores, for 17 at year end. Superstores stress gas sales outside, and inside sell fast food and arcade games—all key growth areas for the chain.

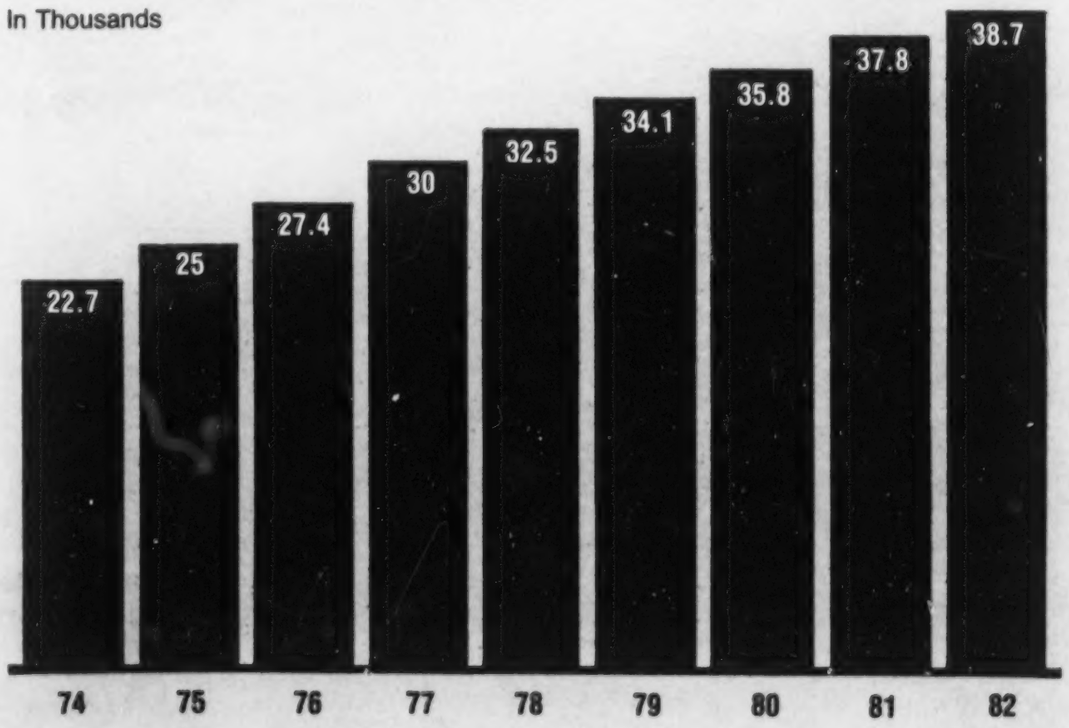
**The eight largest convenience store chains account for almost two-fifths of the nationwide c-store market and as the economy sours independents, the major chains are gaining weight.**

**Southland's 7-Eleven dominates the market, of course, but multinational oil companies have sunk huge resources into the industry just as their network of freestanding filling stations is shrinking.**

**The Sun Oil Co., which owns Fast Fare, Stop-n-Go (not to be confused with National Convenience Stores' Stop N Go), and Zippy Mart, has 1,200 stores. The Atlantic Richfield Co. jumped into the hay in 1980 and a year later had opened 500 AM-PM Mini Markets. Typically oil company c-stores stress gas sales, not food service.**

***'The eight largest convenience store chains account for almost two-fifths of the c-store market. And as the fallout among independents continues, these chains are gaining clout.'***

### *TOTAL NUMBER OF C-STORES IN U.S.*




Source: NRN Research

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Nation's
# Restaurant News
*The Newspaper of the Food Service Industry*

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# Restaurateurs vs. critics: The bitterness builds

**By Joe Edwards**

NEW YORK—It is the night before New Year's Eve and a highly influential woman is entertaining four friends at the Water Club, a barge that has been converted into a posh restaurant at a cost of more than $5 million.

Though it's the height of the holiday season, a time when most people are partying, this particular group has come to the Water Club on a very serious mission. This woman has a job to do, and she has asked her friends to help her. She is wearing a disguise, a gray wig, to prevent the Water Club staff and owner Michael O'Keeffe from recognizing her.

Wine is ordered, and after it is served, the woman requests menus. There is a wait. She asks again. And once more. Still no menus. The woman makes a note of this lapse in service. What she does not realize, during her aggravating wait, is that she has been recognized by a waiter, despite her disguise.

Word is passed to Buzzy O'Keeffe: Mimi Sheraton is here.

As restaurant reviewer for the *New York Times*, Mimi Sheraton often takes to wearing disguises. It's part of her job. She feels more comfortable working anonymously. More important, she feels anonymity is absolutely essential so that she receives the same service as a typical customer.

Back in his office, Buzzy O'Keeffe tries to figure out what to do. He has an intense distaste for Sheraton's work, a feeling he claims predates the publication of her lackluster review of his other restaurant, the River Cafe in Brooklyn, last April. And now, she's in his new dining room, trying to eat dinner in his multimillion dollar baby that's struggling to build a clientele after just three months. A lukewarm review would be devastating.

O'Keeffe acts quickly. He calls his maitre d'hotel and instructs him to inform Ms. Sheraton and her friends politely to get out. Ah, sweet revenge. (The revenge was also sweet for the waiter who identified Sheraton. O'Keeffe paid him $300.)

There are an estimated 15,000 restaurants in New York City, and, by many accounts, a large number of men and women who operate those restaurants have fantasized doing exactly what O'Keeffe did at one time or another. It's not just personal revenge, it's revenge for the part of the local restaurant industry that feels victimized by Sheraton's pen.

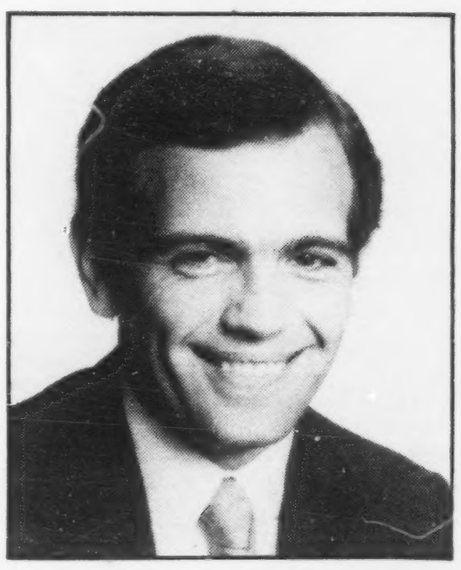
Mimi Sheraton vs. Michael O'Keeffe. It's the latest round in what has become a nationwide fracas involving restaurant operators on one side and the people who are paid to critique their efforts on the other.

Bitterness between the two groups is at an all-time high. Some of the disputes have gone public. There have been law-

*(Continued on page 64)*

**When New York Times restaurant critic Mimi Sheraton was spotted in New York's Water Club restaurant (above), owner Michael O'Keeffe had her leave the premises.**

# *Shoney's Inc. outdueling adverse economy*



**Gary P. Spoleta**

**By Don Jeffrey**

NASHVILLE—Shoney's Inc., operator of more than 1,000 restaurants in the Southeast, has recorded large sales and profit gains, while doing business in a market increasingly buffeted by adverse economic conditions.

Adjusted for menu price increases, sales went up 10.8% for all company units during the fourth quarter last year. And the top performer for the Nashville-based company was its namesake Shoney's division, whose 146 Big Boy and 11 Towne and Country family restaurants registered adjusted sales gains of 16.7%.

Shoney's also operates Captain D's fast-food fish restaurants, several dinnerhouses and the budding Lee's Famous recipe chicken chain.

"We have refused to participate in the recession," says 39-year-old company president Gary P. Spoleta.

Until just a few months ago Spoleta headed the successful Shoney's division of the corporation. Now he's the head of all company operations, having replaced former president and chief executive officer David Wachtel under conditions that suggested some dissension.

Shoney's Inc. has now recorded its 94th consecutive quarter of increased profits, and Wall Street will be speculating about how Spoleta's style of leadership will affect future gains.

Although some stock analysts believe Shoney's stock is overvalued, the company's performance cannot be slighted. In the last fiscal year total revenues were up 25% to $337,380,000 and net income leaped 57% to $23,235,000.

*(Continued on page 64)*

*Hensley, Gatewood split 50-50*

# 2 top execs purchase Druther's

**NRN Special Report**

LOUISVILLE, Ky.—Two top Druther's executives have purchased the 156-unit fast-food chain once known as Burger Queen from its founders.

Tom Hensley, president and chief executive, and Robert Gatewood, treasurer and general counsel, paid an undisclosed cash price to founders George Clark and Harold Kite.

Clark and Kite each owned 42% of the privately held company's shares, Hensley owned 10% and six other investors shared the rest. Now Hensley and Gatewood each own 50% of the firm.

Clark, 49, resigned as chairman of Druther's with the Nov. 29 transaction. He was appointed Kentucky deputy secretary of commerce in 1981 after making an unsuccessful bid for mayor of Louisville as a Republican.

Kite, 56, who opened the first Burger Queen in Winterhaven, Fla., in 1956, is approaching retirement as he divests himself of the few remaining original-named stores.

The small chain, which has two-thirds of its outlets in Kentucky and 10 stores franchised in London under the Huckleberry's name, was rescued from the brink of bankruptcy last year.

But Hensley, president since 1980, says the company appears to be back on track toward fiscal health, and 20-25 new store openings are planned this year.

Clark and Kite built Burger Queen into a 175-unit regional force by the mid-1970's, but expansion came too rapidly. Druther's became saddled with the debts and failings of its franchisees when operations problems met economic recession three years ago.

Hensley, a former franchisee, joined the corporate staff in 1977 under Clark; Kite had since moved to Florida. After becoming president, he orchestrated the chain's 1981

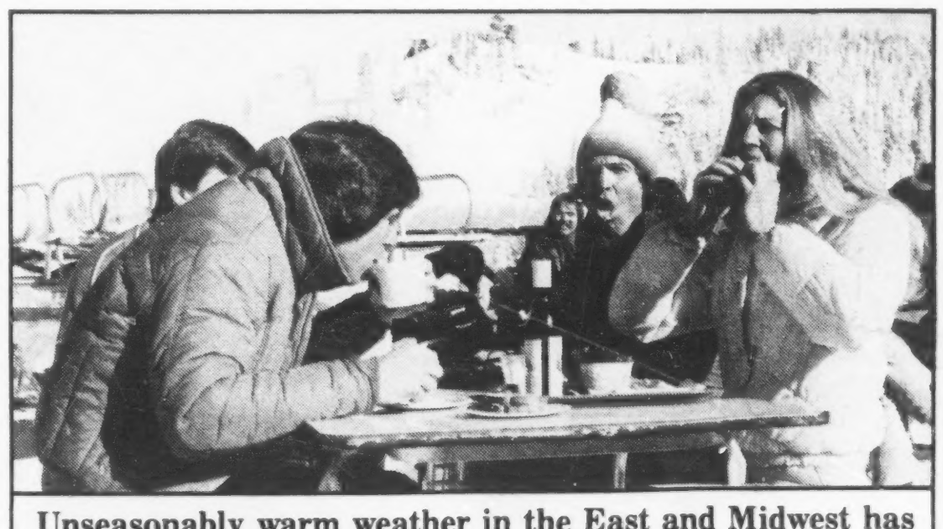
*(Continued on page 64)*

## LATE NEWSBREAKS

**Saga Corp., Menlo Park, Calif., reported a profit jump of 27% to $10 million for the second quarter ended Dec. 25 on an 8% gain in revenue to $271 million. Restaurant division revenues gained 14% for the quarter from customer count gains and from sales at new restaurants, said Charles A. Lynch, chairman and ceo.**

**Marriott Corp. has agreed to sell 108 Rustler Steak Houses to a new private company, Tenly Enterprises, for an undisclosed amount. Marriott acquired the Rustlers last year when it bought Gino's Inc. to obtain sites for conversion to its own Roy Rogers fast-food concept.**

**Bruce Cotton, Jerrico public affairs vp, was elected this month as 1983 president of the International Franchise Association. Cotton, who had been first vp, succeeds Lloyd Farwell, senior vp of Hilton Hotels Corp. (Full coverage of IFA's New Orleans convention, next issue.)**



**Unseasonably warm weather in the East and Midwest has had a devastating effect on sales at ski resorts.**

# *Heat wave sends chill through ski resorts*

**By Rurick Telberg**

Restaurateurs and innkeepers at ski resorts from New England through the Midwest, who were suffering the warmest winter in recent memory, face severe economic hardships if temperatures don't cool by mid-February.

Even in the West, where skiers are as thick as the snow base this year, food-service and lodging executives are voicing deep concerns over the future of the trendy sport.

"It's 50° today and the manmade snow is running down the brooks," griped Bob Carey, owner of the Horse and Hound Inn at Franconia, N.H., in the White Mountains.

Throughout New England, where spring-like weather has intermittently idled extensive snowmaking machinery, restaurateurs and innkeepers reported sales down 20%-30% from last winter.

*(Continued on page 64)*

# FINANCIAL NEWS

## Recent deals signal end to Taco Charley

SAN MATEO, Calif.—Shareholders of Taco Charley Inc. were expected to approve this month two recent deals that will result in the end of the chain.

The major transaction was the acquisition by Taco Bell, through its parent PepsiCo, of all Taco Charley's common stock for $1,268,656, or $1.80 a share.

The second deal involves the sale of up to 30 of the company's 47 restaurants (all but one are Taco Charley) to various purchasers for about $1,934,000. The purchasers were approved as franchisees by Taco Bell.

Many but not necessarily all the Taco Charleys will be converted to Taco Bell, said Richard Montgomery, executive vice president of Taco Charley. None will remain as Taco Charley, however, Montgomery said. Officials of Taco Bell were unavailable for comment.

Also involved in these transactions is Calny Inc., formerly the parent company of Taco Charley. Calny spun off its 46 Taco Charleys in 1981, but has acquired the leasehold and equipment rights for six of the up-to-30 restaurants sold by Taco Charley, and franchise rights from Taco Bell. The total cost to Calny was $1,192,000.

Calny is now franchisee of 67 Taco Bells, the largest number in the system, and is authorized to develop at least nine more in the next few years.

For the third quarter, ended Nov. 6, Calny reported that net income rose to $363,653 from $57,557 during the comparable period in 1981. Sales declined to $6,932,363 from $8,802,181 for the same period. The reason for these changes was the spin-off of Taco Charleys.

For the 36-week period Calny's net income rose to $957,196 from $667,732, while sales dropped to $20,679,228 from $28,447,800.

## Holiday Inns to finance new hotels from Delta sale

MEMPHIS—Proceeds from the sale by Holiday Inns of its Delta Steamship Lines to Crowley Maritime International based in San Francisco will be used to help finance the construction of nearly 30 hotels, according to a spokesman for the hotel firm.

Holiday Inns agreed to sell Delta early last year for $96 million in cash but the sale was held up pending approval by the U.S. Maritime Administration. Approval came in late December.

Holiday Inns has 17 hotels under construction and is breaking ground for another dozen hotels in the first six months of this year.

## Hawaiian hotel sold to Pleasant Travel Services

HONOLULU—Royal Lahaina Hotel at Kaanapali Beach Resort on Maui has been sold by Fort Associates Limited Partnership, a group composed of Amfac Inc., and the Bass family of Fort Worth, Tex., to Pleasant Travel Service of Westlake, Calif. Terms were not disclosed.

Amfac will continue to manage the 588-room beachfront hotel and will gain about $13.5 million from the sale, according to Henry A. Walker Jr., Amfac chairman and president.

## Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Jan. 14 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | Current Ratio | Long Term Debt | Common Stock Equity | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Aca Los A Res | ALAR | 6.25 | 5.00 | 5.88 | .25 | 4.44 | 7.88 | 3.50 | -1.05 | .50 | .64 | 4.34 | .05 | -.42 F | -89.3 | -16.0 | .3 | 117.5 | .00 | .0 | 01-06-81 | 27.7 | 1.2 | 2.4 | 5.69 | 2.90 | 1081 |
| Am Motor Inns | INN | 29.38 | 26.75 | 29.25 | 2.63 | 9.86 | 30.50 | 12.38 | -.14 | .45 | -1.16 | 32.17 | 2.10 | .45 Q | 25.4 | 29.0 | 7.0 | 13.2 | .25 | .9 | 12-26-82 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 38.00 | 34.25 | 36.50 | .75 | 2.10 | 38.00 | 23.50 | .16 | -.27 | .46 | -30.33 | 3.43 | -.57 F | -14.2 | -2.0 | 1.4 | 10.6 | 2.00 | 5.5 | 11-24-82 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 11.25 | 8.75 | 11.25 | 1.88 | 20.00 | 11.25 | 5.00 | .85 | 6.15 | 1.49 | 17.34 | .58 | -.08 F | -12.1 | -11.0 | 2.2 | 19.4 | .12 | 1.1 | 12-06-82 | 79.9 | 2.1 | 1.5 | 6.40 | 7.04 | 0981 |
| Beefsteak Char | BCS | 7.25 | 6.63 | 7.00 | .63 | 9.80 | 8.25 | 2.88 | -.50 | .77 | .11 | -16.89 | .62 | .16 N | 25.3 | 33.0 | 2.4 | 8.9 | .00 | .0 | 00-00-00 | 86.2 | 2.1 | 1.2 | 1.49 | 3.09 | 1081 |
| Bob Evans Farms | BOBE | 36.00 | 33.50 | 33.75 | -2.25 | -6.25 | 38.75 | 19.53 | -.33 | -.01 | -3.24 | 35.71 | 1.45 | .08 S | 5.9 | 23.0 | 7.9 | 23.6 | .40 | 1.2 | 11-05-82 | 173.4 | 13.7 | 1.7 | .00 | 6.90 | 0482 |
| Bonanza Intl Inc | BNZA | 3.38 | 2.88 | 3.13 | -.13 | -3.85 | 3.75 | 1.06 | -.89 | 2.02 | -.10 | -15.16 | -3.33 | -.69 N | NE | -62.0 | -61.8 | NE | .00 | .0 | 00-00-00 | 24.1 | -14.9 | 1.2 | 11.24 | 1.50 | 1281 |
| Brock Hotel Cp | BHC | 9.38 | 8.50 | 8.75 | -.13 | -1.41 | 17.50 | 7.50 | -.84 | -.30 | -5.03 | .44 | .59 | .30 N | 73.1 | 23.0 | 4.3 | 12.3 | .10 | 1.1 | 09-27-82 | 165.1 | 7.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 11.75 | 10.50 | 11.50 | 1.00 | 9.52 | 11.75 | 4.91 | .58 | -.68 | -1.43 | 44.50 | .74 | .50 N | 119.0 | 9.0 | 3.2 | 12.5 | .12 | 1.0 | 11-24-82 | 37.0 | 1.2 | .6 | 1.01 | 1.51 | 0282 |
| Carrols Develop | CRL | 12.50 | 11.00 | 12.00 | 1.13 | 10.34 | 12.50 | 4.13 | .17 | -.71 | -2.41 | -14.32 | .66 | .45 S | 73.7 | 21.0 | 1.9 | 11.3 | .09 | .8 | 12-24-81 | 68.6 | 1.3 | .6 | 9.82 | 5.99 | 0582 |
| Chart House | CHHO | 24.75 | 22.50 | 22.50 | -2.25 | -9.09 | 28.13 | 15.88 | -.72 | -1.89 | 2.72 | 31.30 | 2.03 | .16 N | 8.2 | 13.0 | 5.0 | 10.7 | .60 | 2.7 | 12-27-82 | 353.9 | 17.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 23.50 | 22.13 | 23.25 | .50 | 2.20 | 25.25 | 7.41 | .17 | -.20 | .49 | -12.57 | .37 | .18 S | 60.0 | 26.0 | 11.1 | 48.4 | .00 | .0 | 12-20-82 | 14.9 | 2.1 | 3.1 | .74 | .82 | 0481 |
| Ch Full O Nut | CHF | 15.25 | 13.38 | 14.75 | .75 | 5.36 | 18.25 | 9.25 | -.08 | .47 | -1.58 | -6.12 | .34 | -.23 Q | -38.3 | -13.0 | 1.4 | 39.9 | .40 | 2.7 | 12-09-82 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 36.88 | 35.63 | 36.50 | 1.00 | 2.82 | 40.75 | 25.00 | -.40 | .03 | 2.45 | 20.12 | 3.52 | -.06 N | -1.7 | 16.0 | 10.8 | 10.7 | 1.00 | 2.7 | 10-25-82 | 412.1 | 44.6 | 1.9 | 1.02 | 15.25 | 1281 |
| Cindys Inc | CNDYC | 3.63 | 3.25 | 3.38 | .00 | .00 | 3.88 | 2.63 | -.58 | -1.98 | -3.62 | -30.57 | -.06 | 1.37 F | NE | NE | -.6 | NE | .00 | .0 | 00-00-00 | 17.0 | -.1 | .0 | 7.17 | .29 | 1281 |
| Collins Foods | CF | 20.13 | 18.50 | 19.38 | -.75 | -3.73 | 22.63 | 8.53 | -.71 | .59 | .44 | 1.00 | 1.69 | .50 S | 33.1 | 15.0 | 3.2 | 9.6 | .24 | 1.2 | 12-23-82 | 298.0 | 9.6 | 1.3 | 7.44 | 10.69 | 0482 |
| Consul Corp | CNSL | 12.88 | 10.75 | 12.88 | 1.63 | 14.44 | 12.88 | 5.25 | .16 | 1.81 | 1.45 | 6.03 | .00 | -.12 S | -70.5 | NE | .0 | 257.5 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 20.75 | 19.75 | 20.25 | -1.50 | -6.90 | 22.50 | 7.25 | -.33 | .03 | -.89 | 36.51 | 1.03 | .05 Q | 4.6 | 19.0 | 3.7 | 17.9 | .00 | .0 | 00-00-00 | 35.4 | 1.3 | 1.9 | 5.35 | 6.69 | 0782 |
| Dennys Inc | DEN | 32.50 | 29.00 | 29.75 | -2.13 | -6.67 | 36.88 | 18.44 | -.65 | -1.20 | 5.61 | 60.49 | 2.47 | .40 Q | 18.6 | 9.0 | 3.9 | 11.7 | .64 | 2.2 | 12-07-82 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 26.25 | 25.50 | 26.00 | .38 | 1.46 | 28.38 | 11.13 | -.39 | -.23 | .54 | 4.03 | 2.10 | .28 F | 15.3 | 19.0 | 8.8 | 12.4 | .36 | 1.4 | 11-05-82 | 68.7 | 5.7 | 1.3 | 11.44 | 10.61 | 1081 |
| Frischs | FRS | 14.75 | 12.38 | 12.63 | -1.25 | -9.01 | 14.75 | 7.09 | -.04 | -3.32 | 5.17 | 23.48 | 1.80 | -.15 S | -8.7 | 14.0 | 3.8 | 8.0 | .40 | 3.2 | 11-29-82 | 101.0 | 3.8 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 17.75 | 14.25 | 17.50 | 2.00 | 12.90 | 17.75 | 9.63 | -.09 | -.26 | -2.15 | 20.25 | .58 | .63 N | NC | 130.0 | 16.0 | 27.8 | .00 | .0 | 00-00-00 | 33.8 | 5.4 | 2.0 | .76 | 1.01 | 1281 |
| Hambrg Hamlet | HAMB | 6.75 | 6.00 | 6.75 | .75 | 12.50 | 8.25 | 5.00 | -.02 | .79 | .82 | 50.00 | 1.35 | .50 S | 81.9 | -8.0 | 3.2 | 6.1 | .00 | .0 | 00-00-00 | 31.6 | 1.0 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.50 | 1.00 | 1.50 | .50 | 50.00 | 4.13 | 1.00 | -.17 | 4.39 | -.82 | .00 | -2.22 | -5.08 N | -336.8 | -63.0 | -11.4 | NE | .00 | .0 | 00-00-00 | 30.6 | -3.5 | 1.4 | 18.38 | 8.12 | 0981 |
| Hilton Hotels | HLT | 44.75 | 41.75 | 43.25 | -1.50 | -3.35 | 52.00 | 27.63 | -.63 | .32 | 1.70 | -17.43 | 4.22 | -.65 N | -15.7 | 20.0 | 20.9 | 12.5 | 1.80 | 4.2 | 12-13-82 | 539.3 | 112.6 | 2.0 | 4.48 | 19.98 | 1281 |
| Holiday Inns | HIA | 40.25 | 36.25 | 39.50 | 2.88 | 7.85 | 40.25 | 23.75 | .43 | .75 | -1.60 | -16.25 | 3.66 | .57 N | 20.1 | 22.0 | 7.8 | 11.6 | .80 | 2.0 | 12-13-82 | 1765.1 | 137.4 | .8 | 20.99 | 25.33 | 1281 |
| Holiday Inns A | HIA A | 59.00 | 55.00 | 59.00 | 4.00 | 7.27 | 59.00 | 36.00 | .32 | .01 | 6.13 | .00 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 24.63 | 21.25 | 23.38 | 1.00 | 4.47 | 25.63 | 9.22 | -.28 | -.20 | 2.17 | 3.72 | .95 | .05 N | 5.5 | 30.0 | 2.7 | 24.6 | .00 | .0 | 09-27-82 | 166.1 | 4.5 | 1.7 | 11.45 | 6.30 | 1281 |
| Hungry Tiger | HTIG | 10.25 | 8.75 | 10.25 | 1.00 | 10.81 | 10.25 | 4.00 | .75 | 1.32 | .32 | 15.43 | .78 | -.01 Q | -1.4 | 8.0 | 3.8 | 14.9 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 2.00 | 1.81 | 1.88 | .13 | 7.14 | 2.00 | 1.31 | -.20 | -.70 | 4.52 | -41.18 | .24 | .00 F | .0 | 2.0 | 2.0 | 7.8 | .14 | 7.5 | 09-28-82 | 8462.9 | 171.0 | 1.1 | .65 | 2.08 | 1081 |
| Intl Dairy Queen | INDQ | 24.75 | 21.25 | 24.00 | 2.75 | 12.94 | 24.75 | 9.25 | -.32 | -.38 | 1.75 | -38.37 | 1.72 | .44 N | 27.1 | 38.0 | 6.1 | 11.7 | .00 | .0 | 00-00-00 | 91.3 | 5.6 | 1.1 | 9.68 | 5.82 | 1181 |
| Int King Tab | IKNG | 10.50 | 9.75 | 10.13 | .25 | 2.53 | 10.50 | 1.75 | .14 | .39 | .63 | -11.71 | .33 | 1.00 S | NE | .0 | 1.4 | 15.6 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 11.75 | 10.38 | 11.50 | .63 | 5.75 | 11.75 | 4.25 | .15 | -.14 | 1.34 | -17.22 | .93 | .30 F | 47.6 | 3.0 | 3.5 | 12.4 | .16 | 1.4 | 10-29-82 | 36.4 | 1.1 | .9 | 5.18 | 5.01 | 0981 |
| Jerrico Inc | JERR | 25.50 | 22.38 | 22.88 | -2.75 | -10.73 | 29.38 | 15.63 | -.56 | -2.36 | 2.55 | 12.47 | 1.75 | -.12 Q | -6.6 | 23.0 | 5.1 | 13.5 | .12 | .5 | 11-05-82 | 425.5 | 21.8 | .9 | 3.64 | 11.24 | 0682 |
| Kapok Tr Inns | KTI | 4.50 | 4.25 | 4.50 | .13 | 2.86 | 4.50 | 3.00 | .13 | .00 | 1.61 | -11.62 | -.37 | -.13 F | NE | -31.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 13.8 | -.4 | 3.1 | 1.93 | 5.84 | 0981 |
| Kelly-Johnston | KEJO | 20.25 | 18.38 | 20.25 | .13 | .62 | 24.50 | 9.34 | -.98 | .91 | -.48 | 8.85 | .59 | .14 S | 30.4 | 106.0 | 8.4 | 33.8 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 23.25 | 20.50 | 23.25 | 2.50 | 12.05 | 23.25 | 8.88 | .12 | 1.54 | -2.37 | -1.53 | 1.51 | 1.78 N | NC | 17.0 | 3.4 | 13.1 | .00 | .0 | 00-00-00 | 200.6 | 6.9 | 1.9 | 6.43 | 8.34 | 0182 |
| Lubys Cafe | LUB | 40.38 | 36.63 | 39.50 | 3.13 | 8.59 | 40.75 | 24.50 | -.29 | -.42 | .31 | -11.48 | 1.69 | .24 Q | 15.8 | 21.0 | 9.1 | 22.6 | .60 | 1.5 | 12-13-82 | 127.3 | 11.6 | 1.9 | .80 | 8.49 | 0882 |
| Marcus Corp | MRCS | 9.63 | 8.75 | 9.50 | .75 | 8.57 | 9.63 | 5.00 | .05 | -.10 | 3.84 | -18.60 | 1.13 | -.09 S | -7.3 | 3.0 | 5.7 | 8.3 | .00 | .0 | 08-24-81 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 59.88 | 54.50 | 59.50 | 1.00 | 1.71 | 61.88 | 32.00 | -.31 | .76 | .54 | -33.76 | 3.20 | .29 N | 9.5 | 29.0 | 4.3 | 17.8 | .36 | .6 | 12-20-82 | 2000.3 | 86.1 | .9 | 23.23 | 16.12 | 1281 |
| McDonalds Cp | MCD | 60.88 | 56.75 | 57.50 | -2.88 | -4.76 | 65.63 | 39.09 | -.21 | -.13 | -2.03 | -.47 | 4.36 | .65 N | 15.4 | 18.0 | 10.7 | 11.8 | .88 | 1.5 | 10-15-82 | 2477.2 | 264.8 | .5 | 15.35 | 22.73 | 1281 |
| Morrison Inc | MORR | 19.38 | 16.75 | 19.38 | 1.88 | 10.71 | 19.38 | 8.38 | .21 | 2.13 | .47 | -2.70 | 1.16 | .33 S | 33.6 | 8.0 | 4.1 | 14.8 | .36 | 1.9 | 01-03-83 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 2.50 | 2.50 | 2.50 | .00 | .00 | 3.38 | 1.75 | -.19 | .26 | -2.97 | 17.79 | -.98 | -1.20 F | -545.4 | -29.0 | -2.9 | NE | .00 | .0 | 05-29-80 | 55.7 | .3 | 1.4 | 3.45 | 4.70 | 0981 |
| Nathans | NATH | 2.50 | 1.88 | 2.38 | .50 | 26.67 | 2.50 | .66 | 1.66 | 2.84 | 1.38 | -11.03 | .03 | .80 S | NE | NE | .6 | 23.8 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles Inc | NAUG | 19.00 | 18.25 | 18.25 | -.25 | -1.35 | 21.50 | 6.84 | -.18 | -.66 | -7.63 | -.61 | .78 | .83 Q | NC | 48.0 | 3.9 | 22.0 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 14.50 | 14.00 | 14.50 | .50 | 3.57 | 14.50 | 9.00 | -.14 | 1.05 | 2.52 | 50.00 | 1.74 | -.83 N | -47.9 | 3.0 | 1.3 | 16.1 | .32 | 2.2 | 09-13-82 | 133.4 | 1.7 | .8 | 5.60 | 13.02 | 0981 |
| Orange-co | OJ | 6.00 | 4.88 | 5.00 | -.75 | -13.04 | 11.13 | 4.38 | .34 | -1.35 | 1.01 | .46 | -.25 | -1.26 F | -124.7 | 22.0 | -.8 | NE | .20 | 4.0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Piccadilly Caf | PICC | 16.75 | 15.50 | 15.50 | -1.25 | -7.46 | 18.13 | 13.50 | -.06 | -1.15 | 3.64 | 17.55 | 1.39 | .03 Q | 2.2 | 13.0 | 5.9 | 11.2 | .56 | 3.6 | 12-09-82 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 7.88 | 6.00 | 7.88 | 1.50 | 23.53 | 7.88 | 4.50 | .17 | 1.66 | 2.95 | -22.45 | .50 | -.17 N | -27.4 | -8.0 | 1.0 | 17.5 | .00 | .0 | 00-00-00 | 133.5 | 1.4 | .9 | 12.94 | 6.65 | 1281 |
| Pizza Time Thea | CHKY | 19.00 | 15.38 | 18.50 | 2.75 | 17.46 | 32.50 | 14.25 | -.50 | .55 | .50 | -21.28 | .58 | .78 N | 229.4 | 42.0 | 7.2 | 16.5 | .00 | .0 | 00-00-00 | 36.2 | 2.6 | 3.2 | .81 | 7.87 | 1281 |
| Ponderosa Sys | PON | 19.50 | 16.59 | 17.38 | .88 | 5.30 | 19.50 | 8.00 | -.16 | -2.07 | .77 | -8.29 | 1.34 | .66 N | 69.4 | -6.0 | 2.4 | 10.8 | .33 | 1.9 | 01-07-83 | 353.9 | 8.5 | 1.0 | 13.32 | 11.23 | 0282 |
| Ramada Inns | RAM | 6.13 | 4.88 | 6.00 | .88 | 17.07 | 6.50 | 4.25 | -.10 | 1.03 | 2.09 | 20.11 | .05 | -.60 N | -272.7 | -24.0 | .4 | NE | .00 | .0 | 10-19-81 | 395.5 | 1.4 | .6 | 18.98 | 6.03 | 1281 |
| Restaur Assc | RA | 6.75 | 5.63 | 6.38 | .88 | 15.91 | 7.50 | 3.25 | .20 | -.73 | .48 | 1.31 | .97 | -.32 N | -32.6 | 42.0 | 2.4 | 9.7 | .00 | .0 | 00-00-00 | 99.2 | 2.4 | 1.3 | 3.17 | 6.38 | 1281 |
| Saga Corp | SGA | 44.50 | 38.75 | 44.00 | 5.13 | 13.18 | 44.50 | 17.13 | -.17 | 2.35 | 1.12 | 18.59 | 3.35 | .78 S | 25.2 | 41.0 | 1.9 | 11.4 | .56 | 1.3 | 11-15-82 | 901.0 | 16.8 | .9 | 8.51 | 17.72 | 0682 |
| Sea Galley | SEAG | 7.63 | 7.13 | 7.63 | .25 | 3.39 | 10.63 | 5.50 | .67 | .00 | 2.51 | 32.98 | .68 | -.17 N | -24.6 | 45.0 | 4.5 | 14.7 | .00 | .0 | 06-02-81 | 49.0 | 2.2 | 1.8 | 2.38 | 4.99 | 1281 |
| Servico Inc | SRVI | 12.50 | 11.25 | 12.50 | 1.25 | 11.11 | 13.00 | 7.03 | -.10 | .05 | 1.52 | -25.00 | 1.54 | -.82 N | -43.6 | 61.0 | 3.5 | 11.8 | .00 | .0 | 07-09-82 | 126.4 | 4.4 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 31.50 | 29.00 | 31.50 | 2.75 | 9.57 | 31.50 | 12.63 | .10 | 1.89 | 1.42 | -2.39 | 1.60 | .57 F | 55.3 | 25.0 | 6.1 | 19.7 | .20 | .6 | 01-05-83 | 269.4 | 14.8 | 1.0 | 1.97 | 5.03 | 1081 |
| Skippers | SKIP | 9.25 | 7.25 | 8.75 | 1.50 | 20.69 | 9.25 | 4.25 | .40 | .00 | 2.11 | -52.15 | .73 | -.46 N | -46.0 | 4.0 | 3.0 | 16.2 | .08 | .9 | 10-18-82 | 33.7 | 1.0 | 1.2 | 3.45 | 6.07 | 1281 |
| Sonesta Hotel | SNSTZ | 16.00 | 15.00 | 16.00 | 1.00 | 6.67 | 16.00 | 8.50 | -.04 | 1.25 | .17 | -27.78 | .94 | -.70 N | -40.2 | 39.0 | 1.4 | 15.4 | .20 | 1.3 | 06-25-82 | 145.0 | 2.1 | .9 | 27.74 | 10.01 | 1281 |
| So Hospitality | SHOS | 4.75 | 3.63 | 4.38 | 1.00 | 29.63 | 4.75 | 1.00 | 1.57 | 1.40 | 2.83 | -76.17 | .14 | .19 S | NC | 23.0 | 2.5 | 23.0 | .00 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 3.69 | 3.44 | 3.69 | .13 | 3.51 | 4.00 | 2.50 | -.15 | .00 | -6.98 | -25.16 | .18 | .12 F | 200.0 | -28.0 | 1.4 | 20.5 | .00 | .0 | 05-17-79 | 56.5 | .3 | 1.2 | 4.60 | 2.60 | 0981 |
| Victoria Stations | VSTA | 6.88 | 5.88 | 6.13 | .00 | .00 | 11.00 | 5.00 | .15 | -1.57 | 2.35 | -13.24 | .35 | .58 S | NE | -38.0 | 1.0 | NE | .00 | .0 | 09-19-79 | 123.4 | 1.2 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 14.63 | 13.50 | 14.00 | -.63 | -4.27 | 16.75 | 8.16 | -.66 | -.70 | .63 | -5.85 | 1.01 | .10 N | 10.1 | 18.0 | 7.6 | 12.8 | .24 | 1.7 | 11-26-82 | 486.6 | 36.9 | .6 | 2.56 | 5.27 | 1281 |
| Webb Del E | WBB | 12.00 | 9.63 | 12.00 | 2.25 | 23.08 | 12.00 | 4.88 | -.03 | 3.42 | -1.94 | 58.97 | .56 | .81 N | NE | -24.0 | 1.3 | 21.8 | .00 | .0 | 11-07-80 | 414.8 | 5.3 | 1.1 | 16.12 | 13.25 | 1281 |
| Winners Cp | WNER | 16.50 | 14.25 | 16.50 | 2.13 | 14.78 | 16.50 | 6.38 | -.45 | 3.31 | -3.32 | 24.75 | .67 | .84 N | NC | 6.0 | 2.1 | 19.6 | .00 | .0 | 00-00-00 | 72.7 | 1.5 | .3 | 13.37 | 7.09 | 1281 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

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# FINANCIAL NEWS

## So. Hospitality net profits skyrocket 145% in 2nd qtr.

NASHVILLE—Buoyed by the addition of more than a dozen new fast-food units, Southern Hospitality Corp. reported net profit up 145% to $222,676 for the second quarter ended Nov. 30 compared to the same period last year.

Revenues rose 38% to $6.8 million between the 1981 and 1982 quarters.

For the six-month period, the company reported net profit increased 149% to $414,496 and revenues grew 24% to $12.3 million.

Since the year-ago quarter, the company has opened three new franchised Wendy's burger units and consolidated the business of 12 Mr. Gatti's pizza units which had been purchased from key company officers. The company now operates 22 Wendy's, 12 Mr. Gatti's, and four casual-themed, full-menu restaurants in the Nashville area.

The company said, "the majority of the increase in sales was the result of higher same-store sales." Under construction are another full-menu restaurant and another Wendy's unit.

### EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| La Quinta Motor Inns | 13 wks.<br>6 mos. | 11/30 | | | $27.347<br>58.332 | 9.4<br>13.1 | 3.279<br>8.281 | 26.5<br>33.7 |
| Southern Hosp. | 13 wks. | 11/30 | | | 6.765<br>12.253 | 37.6<br>24.1 | $222,676<br>$414,496 | 144.5<br>148.8 |
| Pizza Ent. Cent.[1] | 12 mos. | 9/26 | | | 2.621 | | ($437,271) | |
| Hungry Tiger Inc. | 12 wks. | 11/26 | $12.617 | 4.4 | | | (126,000) | (65.5) |
| Frisch's Rests. | 12 wks.<br>28 wks. | 12/12 | | | 25.954<br>59.983 | 4.3<br>2.7 | 659,105<br>1.763 | (31.8)<br>(22.3) |
| Taco Viva Inc. | 13 wks.<br>6 mos. | | 3.602<br>7.054 | 16.3<br>17.3 | | | 147,000<br>358,000 | 45.5<br>78.1 |

Source: *Company earnings reports*

**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*
*[1]Comparative results unavailable; company went public 12/16/81.*

## Pizza Inn's profits down 29% during third quarter

DALLAS—Pizza Inn's profits for the third quarter, ended Sept. 26 were down 29% to $340,000 compared to the same period last year, the company said.

Revenues for the quarter were up less than 1% to $36,566,000.

Profits for the first nine months of the fiscal year were down 10.5% to $1,224,000, compared with the first three quarters last year. Revenues for the nine months were up 1.8% to $105,596,000.

**Increased Expenses**

The company indicated that profits were affected by increased advertising and promotion expenses for its newest product, deep-dish pan pizza.

"We consider the investment necessary and believe it positions us well to profit from an economic upturn," the company said.

The pan pizza has been rolled out nationally and accounts for more than one-third of Pizza Inn's total sales, according to the company.

Pizza Inn also said it increased advertising and promotional spending "to protect and increase its share of the market during the current economic environment."

The company cited a report on restaurant trends that showed Pizza Inn increasing its share of the market by 1%.

## Luby's profits climb 25% for 1st quarter

SAN ANTONIO—Luby's Cafeterias Inc. reported net profits rose 25% to $3.2 million for the first quarter ended Nov. 30 compared to the previous year's period.

Revenues were up 12% to $34.1 million for the quarter from a year ago.

During the three-month quarter, a new cafeteria was opened in Tulsa, Okla., with new units under construction in Lake Jackson, Mesquite, Baytown, Tex., and San Antonio.

## Two companies make 1st stock offering

Two companies—the owner of the Village Inn restaurant chain and a franchisee of Chuck E. Cheese's Pizza Time Theater—have made their first public stock offerings.

Vicorp Restaurants Inc., based in Denver, has offered 990,000 shares of stock. Peter Doane, secretary-treasurer, said net proceeds from the stock sale and a related inter-company debt payment would be $4.8 million.

Vicorp is the franchisor of the approximately 180-unit Village Inn chain (at least 52 units are company-operated). The company also operates new concepts called Varieties (one in Omaha) and The Rose, an eating place in an Irish-pub style. Two Rose units are open now, with another two under construction. Doane said eight of nine restaurants acquired recently from Foodmaker Inc., a subsidiary of Ralston-Purina, would be converted to The Rose. The ninth unit will remain a Mexican restaurant.

Doane said the proceeds from the stock offering would be used primarily to repay debt, much of which was incurred in the acquisition from Foodmaker.

The stock's selling price at the time of issue was $10.25.

For the first three quarters of fiscal 1982, ended in July, gross revenues were $31.8 million and net profits were $1.45 million.

The other company that made a recent first offering is Family Entertainment Centers Inc. of Rockville, Md.

Family Entertainment offered 475,000 shares, which had a market value of $10.50 a share. The company expected to earn about $3.2 million from the sale. Alex Brown & Sons and Montgomery Securities are the underwriters.

This company franchises about 12 Pizza Time Theater units, mostly in Virginia and Maryland.

In its prospectus the company said it planned to use about $1.9 million from the proceeds to retire short-term debt and the remainder for the development of two new units.

## Forum net flat for first quarter

KANSAS CITY, Mo.—Forum Restaurants reported net profits were practically flat at $149,000 for the first quarter ended Nov. 30 compared to the same period last year when the company netted $150,000.

Revenues declined 9% to $4.6 million from the prior-year period.

Three cafeterias had been closed between the two periods, the company said.

For the year ended Aug. 31, the company posted its fifth net loss in the last seven years. The company is 53%-owned by Harry Pope.

Forum operates nine Forum cafeterias, 14 Waid's restaurants and two food-service management accounts.

## Lyon's eying southern California expansion

FOSTER CITY, Calif.—Lyon's Restaurants, faring well in its principal market of northern California against its main rival, Denny's, is eying an eventual expansion of the 50-unit coffee shop chain into southern California.

In conjunction with its parent, Chicago-based Consolidated Foods, Lyon's has planned to grow at the rate of from five to eight new units each year over the next three years. The latest growth projections mark an acceleration of the company's recent expansion pattern.

The five new units opening in 1983 equal the number of Lyon's developed in the preceding two years.

Although Lyon's president Thomas Glikbarg sees the lucrative, but highly competitive, southern California market as the company's logical next target, he does not put a definite timetable on the southern incursion.

Four restaurants have thus far been opened in fiscal '83 ending June 30; a fifth is scheduled to open in June. For the year, the company expects its pretax profits to advance 12%-15% from $4.25 million last year, when sales were $58.4 million. Sales this year are expected to grow to $64 million, a 9.5% increase.

Future outlets are expected to conform to the building type utilized in recently developed units—a 124-seat, 3,900-sq.-ft. model which typically costs just under $1 million to deploy, including land lease, construction and equipment.

Although not a feature of recent outlets, Lyon's has a full bar operation in about 30 units, contributing from 15% to 20% of the chain's total revenues.

**Average Sales**

Average annual sales per unit are just under $1.3 million currently, with 35% of business done at lunch, and about 45% of total volume done at dinner. The other 20% is generated during nonpeak hours of the 24-hour operations. The company's promotional efforts and advertising are currently being geared solely toward boosting dinnertime traffic.

Currently, the standard coffee shop menu of burgers, sandwiches, salads, dinners and breakfast items brings an average check of about $3.50 at lunch and $5 at dinner, but menu prices will be raised, "as aggressively as the market can stand," Glikbarg said.

Citing the state of the economy and consumer psychology as the main constraints against raising prices too rapidly, Glikbarg said that standard annual increases of 8% which prevailed through 1980 had been moderated to 7% in '81, and 6% last year.

In addition to its main concentration of units in the Sacramento Valley, San Mateo peninsula and San Francisco East Bay areas (although not in San Francisco proper), the 20-year-old chain operates 10 units outside California—in Nevada, Oregon and Washington.

The closest Lyon's has come so far to the Los Angeles area market is with units in Santa Maria, north of Santa Barbara, and Bakersfield.

The problem Glikbarg expects to face when Lyon's makes its move south is that of sheer distance from the company's home turf. Opening enough units at one time to make mass marketing cost-effective is another matter to be contended with.

"We don't believe in commissaries or distribution centers," he said, indicating that drop shipment of deliveries to southern California stores would be the initial method of servicing its proposed expansion territory.

## Church's in N.Y. company-store push

NEW YORK—Church's Fried Chicken has established a foothold in New York City as a company-store market by purchasing 11 of its formerly franchised units here.

William Storm, the chain's senior vice president, said that the company had "for some time wanted to get into the New York market." He declined to disclose the purchase price.

The franchisee was CGL Inc., a company owned by Mexican nationals, Storm said. Because of Mexican currency problems, which resulted in the devaluation of the peso and the freezing of bank accounts, the company was having trouble getting dollars in and out of Mexico. For that reason, Storm said, CGL decided to sell.

He added that it was an amicable buy-out and that the licensee had done "a good job following company rules and standards.

Storm said it would probably be at least six months before changes were made in the New York City stores, which are located in Manhattan, Brooklyn and Queens. He said that prices might be reduced to bring them in line with what Church's charges in other company markets.

There are still other licensees operating Church's units in New York City. Storm stressed that the purchase involved CGL only. Referring to the other licensees, he said, "We have no active program to buy them out."

As of the beginning of this year the Church's system included 1,075 company-owned chicken stores, 242 franchised chicken stores and 62 company-owned hamburger places named GW Jr.'s.

**Systemwide sales**

Systemwide store sales for the entire chain were estimated at $505 million for fiscal year 1982. Company revenues were estimated at $425 million.

The San Antonio-based chain recently began a five-year drive to establish restaurants in shopping malls in suburban areas and to build upscale units designed for sit-down eating. Most Church's units are in urban areas and concentrate on take-out service.

In most stores 80% of the business is takeout. The first shopping mall unit opened late last year.

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- *Profile: Don Callender—Page 45*

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# Restaurant News®
*The Newspaper of the Food Service Industry*

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# Tip Reporting: The 1st shockwaves

## *Operators, employees stunned by new law's ramifications*

**Sen. Robert Dole:** *People who used to cheat on their taxes can't cheat anymore.*

**By Joe Edwards**

Confusion, anger and resentment are mounting in restaurants across the country as food-service operators and their tipped employees learn more about the complex and burdensome tip reporting provision of the 1982 Tederal Tax Law.

Faced with growing employee bitterness, bookkeeping headaches, increased administrative costs, and an avalanche of paperwork, independent and chain restaurant operators are complaining angrily about the new law and the Internal Revenue Service regulations drawn to implement it.

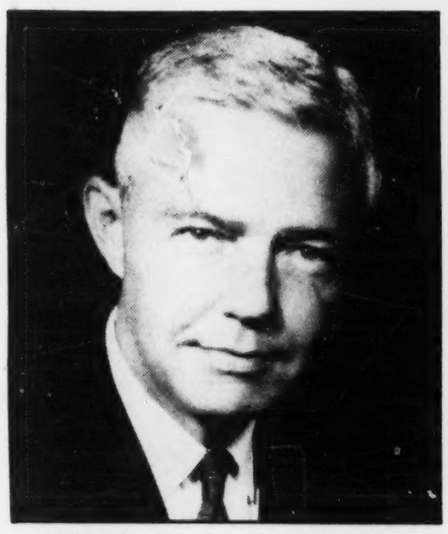
To their horror, some waiters and waitresses are actually receiving "negative paychecks" at the end of pay periods—owing money to their employers because of a quirk in the law. "This goes too far," complains Marilyn Lewis, chairman of Beverly Hills, Calif.-based Hamburger Hamlets.

"We feel if people are making tips they should be paying income tax, but it's the extra bookkeeping procedures that have us upset," says Florence Holten, head of the South Dakota Restaurant Association and a Sioux Falls caterer. "And this puts us in the position of being policemen and that causes hard feelings."

Industry trade groups are busy educating members about the new law and the confusing regulations and plan to present industry complaints to the IRS at a Feb. 8 public hearing. The National Restaurant Association may take their case to Capitol Hill in late spring to have the law amended or repealed.

Grassroots movements in several cities are forming to pressure Congress to amend or repeal

*(Continued on page 76)*



**NRA's Robert Neville:** *'Employers are bearing the brunt of this legislation.'*

# *FTC chief vows opposition to tougher franchising rules*

**By Ken Rankin**

NEW ORLEANS—The Federal Trade Commission is ready to discourage state lawmakers from enacting restrictions on the power of fast-food chains to terminate franchisees, FTC Chairman James Miller told industry leaders at the International Franchise Association's annual convention here last month. (Other IFA convention coverage, Page 26.)

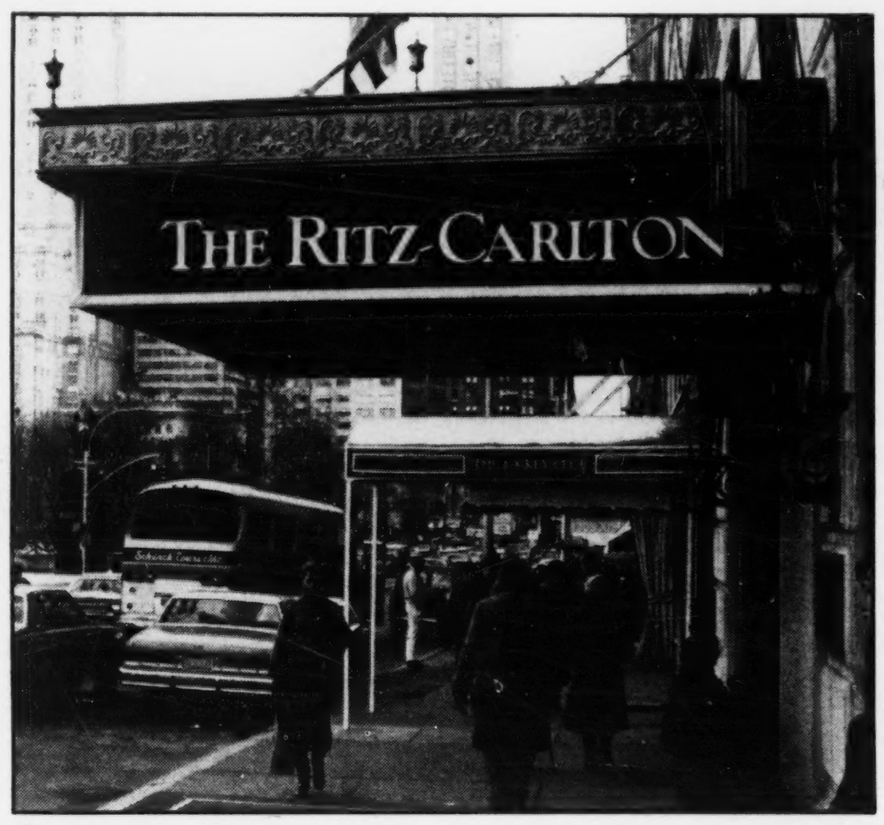
In disclosing what may be a major new Federal initiative to influence state ground rules governing franchising, Miller said FTC regulators would actively encourage legislation more hospitable to the nation's fast feeders.

"By the same token, we will likely oppose more obtrusive regulatory measures which inject Government overseers directly into the selling and quality control process," the FTC chairman said.

"In particular, the commission will likely criticize measures which impose onerous restrictions upon a franchisor's freedom to terminate a franchise or refuse to renew it," Miller told the chain execs.

Since the mid-1970's a number of states have enacted legislation limiting the ability of franchisors to unilaterally terminate or fail to renew licensing agreements with franchisees; last year such bills were introduced in at least seven states and the District of Columbia.

*(Continued on page 76)*




**The 260-room Ritz-Carlton on New York City's Central Park South: low-key luxury without razzle-dazzle.**

# *Coleman's Ritz-Carlton: A new approach to luxury*

**By Joe Edwards**

NEW YORK—Working on the assumption that not everyone who pays $125 and more for a night at a luxury hotel wants atrium lobbies, cascading waterfalls, glass-enclosed elevators, and service staffers wearing corporate training class smiles, John B. Coleman has set out to redefine what a luxury hotel should be.

The latest example of his thoughts on the matter is the Ritz-Carlton, a 260-room property on Central Park south that is notable for its lack of razzle-dazzle and its steadfast emphasis on personal service, thoughtful amenities and low-keyed luxury.

Coleman, an investment banker whose firm, John B. Coleman & Co., owns several manufacturing operations including Drug Package Inc. of St. Louis, bought his first hotel in 1973. He has four properties worth an estimated $150 million. They are, in addition to the Ritz-Carlton in New York, the Fairfax in Washington and the Whitehall and the Tremont in Chicago.

Coleman bought the old Navarro Hotel in 1980 for $15 million and spent another $25-$30 million transforming it into the Ritz-Carlton. "The investment was worth it," Coleman says. "We wanted to create a small luxury hotel in New York worthy in every way of the famed Ritz-Carlton name and tradition."

*(Continued on page 10)*

*Acquires Mannings*

# Service Systems expands reach

**By Donald Jeffrey**

CLARENCE, N.Y.—Service Systems, a 30-year-old food-service management firm based in this Buffalo suburb, has purchased Mannings Inc., a West Coast contract food-service company.

This is Service Systems' second major acquisition in a year. The purchase price was not disclosed.

Mannings, a 75-year-old San Francisco-based company, has about 300 food-service accounts in business and industry and in health-and life-care facilities throughout the West and Midwest. Once a cafeteria chain, Mannings in recent years closed all but three of its cafeterias. Sales in 1981 were about $135 million. The company also operates 14 deli-style units called The Haven in California, Washington, Nevada and Hawaii.

Robert D. Flickinger, Service Systems chairman, said the deal would "strengthen the company's presence in California and the Northwest."

This purchase by Service Systems, a subsidiary of R. J. Reynolds Del Monte Corp., is a major move toward its goal of a nearly fivefold increase in sales to $1 billion a year by the end of the decade.

"In the next five to eight years, acquisitions will play a major role," said executive vice president William Fisher in an interview.

Last year Service Systems made its first acquisition in 10 years—the Stouffer Management Food Service Corp., for an undisclosed price. Stouffer's clients included the Massachusetts Institute of Technology, American Express, New York Telephone, The First National Bank of Chicago, and the 650-bed Tucson Medical Center.

That acquisition has already had a positive impact on Service Systems' fortunes. Company

*(Continued on page 75)*

## *LATE NEWSBREAKS*

**Victoria Station posted a $1.9 million net loss for the third quarter ended Jan. 2, on sales of $33.5 million. Last year's third quarter produced a net profit of $186,000 on revenues of $36.6 million. The loss for the first nine months totals $3.1 million vs. a net profit of $1.3 million last year.**

**W. R. Grace's fast-food division, which under Lou Neeb operates Del Taco Mexican units, is set to acquire two T. J. Appleby's Atlanta casual pub restaurants from principal owner William Palmer and two partners. The 125-seat units, themselves converted and expanded from Judy's fast-food units, might be Grace's opening thrust in the casual pub/fast-food market.**

**Collins Foods disclosed tests of the Lumbercamp, a casual dining unit to open in Houston in March, and Southside Barbecue Co., a barbecued-rib operation just opened in Los Angeles.**

***Wine List of the Month—P. 62***

COMMODITIES

# Feedlot cattle population putting damper on prices

The U.S. Department of Agriculture reported at the beginning of the year there were some 10.3 million cattle and calves on the nation's feedlots. This 14% rise over the same period a year earlier is a strong damper on price increases—however, it could herald an expected problem later this year. The problem is in the makeup of the feeder population.

While the number of steers is only up by some 7%, the number of heifers and heifer calves are up by a whopping 28%. This means that ranchers are selling off cattle which would normally be going into increasing the herds. As demand for beef increases in the spring and summer, this could mean a shortage of available cattle for feeding—and a subsequent price increase.

With the long breeding and raising cycle for cattle, the intentions of the ranchers to build or reduce herds is of primary importance to the price structure. Cattlemen have shown a great reluctance to increase herds any great amount over the past three or four years, being happy with higher prices which make cattle raising more profitable. (During periods of low prices, most farmers and ranchers actually lose money on the beef cattle they sell.) With herds kept fairly constant, the price will usually hover about the $1 per pound level at the slaughter houses in the Midwest. By the time the meat gets to the operator, this has been multiplied by about 2½ to 3 times for cutting, packing, handling and transportation. Increased energy costs for transportation and for refrigerated storage have kept pushing the "middlemen's" costs up, and these are reflected in the final price the operator pays. (That $1 per pound is an average for all cuts of Choice grade; steaks and roasts to stewing meat and hamburger quality, including fat and "trim.")

### Pork Prices Higher

Pork is moving up in price; as *NRN* closed this issue about three weeks ago, it was nearing the $1.20 level—again at the Midwest slaughter houses—for a loin of Choice grade ranging from 14 to 17 lb. total weight, untrimmed. The 2½ to three multiplier for prices to the operator applies here, too.

Cold weather in some of the Midwest prevented orderly marketing of hogs, which reduces the available supply. Buyers bid against each other for the available pork and push up the prices. However, based upon the U.S.D.A. estimates for hog production, the temporary shortage is not expected to last long, and over a full year the farmers are expected to cut back herds only a slight bit, resulting in increases of only 3%-5% in price. Individual swings up and down will be common, however, just as they have been for the past five years.

Although the chicken producers have indicated they will increase production about 2% this year, the prices of broilers

*(Continued on page 75)*

## PRICE MOVEMENT AT A GLANCE

| | Jan. 21 1982 | Dec. 21 1982 | Jan. 21 1983 |
|---|---|---|---|
| Beans, baby lima, frozen, Calif. (lb.) | $ 0.60 | $ 0.64 | $ 0.64 |
| Beans, green, Fancy cut 4s, canned, MW (6/10) | $ 7.50 | $ 8.50-8.75 | $ 8.50-9.00 |
| Beans, pinto, dried, Colorado (cwt) | $18.00-18.50 | $14.00 | $13.00 |
| Beef, Choice, 700-900 lb., Midwest (lb.) | $ 0.99 | $ 0.93 | $ 0.92 |
| Broccoli, fresh, California (14s) | $10.00-11.00 | $ 6.00 | $ 4.50-5.50 |
| Broilers, Grade A, icepack, NYC (lb.) | $ 0.4492 | $ 0.4565 | $ 0.4671 |
| Coffee, Brazilian green beans, NYC (lb.) | $ 1.42 | $ 1.36 | $ 1.32 |
| Eggs, Grade A, large white, Chicago (doz.) | $ 0.8975 | $ 0.665-0.67 | $ 0.605-0.61 |
| Lettuce, iceberg, California (24s) | $12.00-15.00 | $ 4.00-4.50 | $ 3.00-3.50 |
| Pork loins, Choice, 14-17 lb., Midwest (lb.) | $ 1.06 | $ 1.06 | $ 1.19 |

Source: NRN Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# Warner grabs for the carrot

## Gadgets: Similarity to rivals ends on the customer's plate

**By Don Jeffrey**

NILES, Ohio—A look around the new Gadgets restaurant in this Youngstown suburb reveals how it got its name. On the walls are kinetic sculptures like a metal bird with wings that actually flap and a rainbow machine with a moving paintbrush sweeping an arc.

But the most interesting gadgets are out of sight. These are levers and motors, and the complex 96-channel computers that control them, located behind a stage on which Bugs Bunny, Daffy Duck, and other bigger-than-life-sized animated Looney Tunes characters sing, dance and act once an hour for diners.

Over in the adjacent cocktail lounge, the most sophisticated gadget is performing. This is Sammy Sands, a computer-controlled, life-sized character who does a nightclub routine. Sammy's programmed to make about 60 movements, including moving his fingers over piano keys as he sings. Meanwhile, in the nearby arcade, teenagers and other youngsters are stuffing quarters into their favorite gadgets—video games like Pac-Man and Popeye.

If all this sounds a little familiar, like some now-famous pizza-and-entertainment chains, then that's where the similarity ends. Executives of this four-unit-and-growing chain say their first and foremost concern is the food.

The menu ranges from popular appetizers like the mozzarella sticks ($3.50) and potato skins ($1.95 to $5.50) to specialty sandwiches, quiches, salads, burgers, desserts and entrees like beef kabob ($8.95), trout almondine ($7.95), Hawaiian chicken ($6.95), and New York strip steak ($11.95).

The only items on the menu that even remotely resemble pizza are the pizza tater—five potato halves scooped, fried and filled with Italian sausage, marinara sauce, mushrooms and mozzarella ($5.25), and the pizza burger ($4.95).

Another thing that distinguishes this chain from other animation/arcade concepts, Gadgets people point out, is that their entertainment has more of an adult appeal. The lounge area, which attracts singles and couples without children, is separated from the dining room and stage section, which attracts families with children.

This new fun-and-food concept represents a unique gamble by $4 billion conglomerate

*(Continued on page 75)*

**A young girl watches intently as Looney Tunes characters Bugs Bunny, Sylvester the Cat and Tweety perform at the newly opened Gadgets restaurant in Niles, Ohio. Gadgets, a Warner Communications-backed chain concept, also features adult entertainment in a separate lounge.**

## Communications giant fights entertainment, casual chains

**By Charles Bernstein**

NEW YORK—Warner Communications, with all its diversified muscle, is taking dead aim at carving out a healthy niche of restaurant business for itself with its new Gadgets operation.

It's going up against the corporate power of Nolan Bushnell's Pizza Time Theatre, of Brock Hotels' ShowBiz Pizza and a host of other new entries in the restaurant-entertainment field. But Warner is doing it differently, with no pizza, a prime emphasis on the food and restaurant end of the business, and a patented Looney Tunes cartoon show.

On the food and drink side, Gadgets is competing more with Houlihan's and Bennigan's than with Pizza Time.

"We are primarily a restaurant and certainly not a pizza-show," Warner group executive Ed Watson kept emphasizing from Warner's imposing 29th floor executive offices at 75 Rockefeller Plaza. "Certainly we are utilizing our capabilities in animated cartoons and video games, but at least 80% of our sales will come from food, and we will not keep customers waiting around for their food to play any games."

(With a name like Gadgets, one wonders if a full-food image can be maintained.)

Warner is projecting more of an "adult" and higher-end appeal than its restaurant-entertainment competitors. Although it's hard to visualize adults sitting around watching the Looney Tunes shows, these are presented only once each hour from a stage (for five or 10 minutes) while customers are seated at the tables.

Adults can take it or leave it while their children watch the show. Besides, there is a separate bar and snack-dining area featuring a Sammy Sands animated character who represents a disk jockey from any home town or city. Adults can identify with this character.

While video games are offered in a separate room, the atmosphere is nowhere near as noisy or as crowded with teenagers as are other operations of this type.

There seems to be something for everyone in Gadget's potpourri of varied casual foods and animation. Yet, there are

*(Continued on page 75)*

# Sales in franchised restaurants climb 14% in 1982

**By Ken Rankin**

NEW ORLEANS—Despite last year's economic slowdown, sales in franchised restaurants climbed 12% and dollar revenues are likely to rise another 14% during 1983, Commerce Department forecasters revealed during the International Franchise Association's convention here.

The department's latest annual report on *Franchising in the Economy,* which was unveiled during the IFA meeting late last month, predicts that the nation's fast-food chains and other restaurant franchisors will open more than 5,000 new units this year, and that total food-service franchise sales will top a record $38.3 billion in 1983.

In an address prepared for delivery at the IFA convention, Commerce Department franchising specialist Andrew Kostecka praised the nation's franchise chain execs for overcoming "the tough economic climate of the past few years" and emerging as "a predominant force in our commercial system."

Franchising "continues to amaze and impress by its ability" to grow regardless of the general economy, "and we in Washington are particularly conscious of the number of jobs it creates," he said.

More than 52,000 new jobs were created within the franchise restaurant sector during 1981 alone, and based on current growth projections, employment opportunities in food-service franchising figure to continue expanding during the next few years, the new Government study indicates.

Noting what he called the "fantastic reproductive powers" of franchising, Kostecka praised fast feeders for helping to keep "the maternity wards of commerce filled."

His speech to IFA chain execs—which went undelivered because of time constraints at the convention—did caution restaurant franchisors that competition within the industry will remain aggressive during 1983, and that some food-service segments will be making midcourse adjustments in order to maintain their growth pace.

Although "sit-down gourmet-type food franchise restaurants and ethnic and health foods will continue to grow," Kostecka predicted that the "intensified competition between the so-called fast-food outlets and more leisurely types of restaurant facilities will persist."

In order to maximize productivity and profits, "more franchisors will encourage customers to eat breakfast in their establishments," and there will be "increased movement to locate restaurants with units of less than full size in high population areas with take-out and drive-thru services," he added.

The Commerce Department franchising expert also predicted increased use of computers "in franchised restaurants to speed up service, cut costs, and simplify schedules and inventory control."

At the same time, however, Kostecka urged franchisors to re-evaluate business practices that may have worked in the past but are no longer suited for the future.

"In particular," he said, "franchisors must get away from worrying about short-term returns and start looking at long-term, productivity-improving, higher-risk investments, as our foreign competitors have done."

# FINANCIAL NEWS

## Suppliers claim modest gains despite slack spending

**NRN Special Report**

NEW YORK—Several major food-service suppliers reported modest profit gains for their latest quarters, despite a general slowdown in consumer spending for food.

In some cases write-offs or other special situations boosted flat or declining income from operations.

At Chicago-based Quaker Oats Co. net income for the second quarter ended Dec. 31 was up 14% to $26.9 million compared to the same period a year earlier. Sales for the period slipped 2.6% to $708.9 million.

Quaker Oats president William D. Smithberg said the results reflected "good" sales in American and overseas grocery markets. Others noted Quaker's grain costs had declined on a year-to-year basis.

General Foods, meanwhile, reported a 25.6% pickup in profit for its third period ended Jan. 1 to $51.1 from $40.7 million a year earlier. Sales for the period were off 5.2% to $2 billion.

General Foods operating income for the period actually slipped, too. The big profit gain was boosted by a $12.4 million charge against the year earlier quarter for write-offs associated with its sale of Burger Chef to Hardee's.

Cleaning products and food giant Procter & Gamble reported from Cincinnati headquarters it had registered a 9.9% profit gain for its second quarter ended Dec. 31 to $210 million.

P&G included in the latest figures $7 million gained from an issue of 200,000 new shares of common stock. The company added $30 million in debt in making the issue.

For its final quarter of fiscal 1982 ended Dec. 31 Dart & Kraft reported a leap in profit from $11.6 million in the 1981 quarter to $117.1.

Sales for the quarter fell 3.9% to $2.54 billion.

Chairman John M. Richman noted that despite the gain operating profit had actually fallen 3.2% for the period. The company enjoyed large gains, meanwhile, from nonoperating areas: antitrust settlements, foreign currency deals and sales of some of its properties.

## *Morrison's continues strong showing*

MOBILE, Ala.—The prospect of a mild winter in many of its key market areas promises to help Morrison's Inc. achieve its seventh consecutive quarter of above-average growth in earnings and profits.

According to its chief financial officer, vice president for finance and administration James Lambert, the company will probably post at least a 17% increase in net profit and revenues when third quarter results come in at the end of the February.

The company, the operator of 149 cafeterias and 20 Ruby Tuesday's casual theme dinnerhouses, netted $8.6 million for the first six months ended Nov. 27—up 20% on a 18% rise in revenues to $206.8 million.

Morrison's, whose operations are focused in the deep South, achieved such results at a time when many companies in the region are suffering the effects of an ever-deepening national recession.

## Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Jan. 28 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | | Last Fiscal Year (Per Share) | | |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | Current Ratio | Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Aca Los A Res | ALAR | 6.00 | 5.25 | 5.88 | .00 | .00 | 7.88 | 3.63 | -.21 | 2.73 | -.65 | 13.83 | .05 | -.42 F | -89.3 | -16.0 | .3 | 117.5 | .00 | .0 | 01-06-81 | 27.7 | 1.2 | 2.4 | 5.69 | 2.90 | 1081 |
| Am Motor Inns | INN | 29.63 | 27.00 | 29.00 | -.25 | -.85 | 30.50 | 14.75 | .04 | .54 | -1.25 | 32.43 | 2.10 | .45 Q | 25.4 | 29.0 | 7.0 | 13.1 | .25 | .9 | 12-26-82 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 37.00 | 33.75 | 35.75 | -.75 | -2.05 | 38.00 | 23.50 | -.16 | .40 | -2.83 | -6.07 | 3.43 | -.57 F | -14.2 | -2.0 | 1.4 | 10.4 | 2.00 | 5.6 | 11-24-82 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 12.13 | 9.88 | 11.88 | .63 | 5.56 | 12.13 | 5.00 | 1.07 | 4.50 | 4.37 | 6.69 | .58 | -.08 F | -12.1 | -11.0 | 2.2 | 20.5 | .12 | 1.0 | 12-06-82 | 78.6 | 1.7 | 1.6 | 6.60 | 7.58 | 0982 |
| Beefsteak Char | BCS | 7.13 | 6.38 | 7.00 | .00 | .00 | 8.25 | 3.38 | .27 | 1.22 | 4.61 | 16.47 | .88 | .26 F | 41.9 | 34.0 | 3.6 | 8.0 | .00 | .0 | 00-00-00 | 86.2 | 2.1 | 1.2 | 1.49 | 3.09 | 1081 |
| Bob Evans Farms | BOBE | 26.06 | 25.50 | 26.00 | .69 | 2.72 | 29.06 | 14.66 | -.44 | -.37 | 2.68 | 6.81 | 1.09 | .06 S | 5.9 | 22.0 | 7.9 | 24.3 | .30 | 1.2 | 01-18-83 | 173.4 | 13.7 | 1.7 | .00 | 5.17 | 0482 |
| Bonanza Intl Inc | BNZA | 3.25 | 3.13 | 3.13 | .00 | .00 | 3.75 | 1.06 | -.35 | -.41 | 1.82 | -23.64 | -3.33 | -.69 N | NE | -62.0 | -61.8 | NE | .00 | .0 | 00-00-00 | 24.1 | -14.9 | 1.2 | 11.24 | 1.50 | 1281 |
| Brock Hotel Cp | BHC | 9.50 | 8.63 | 9.25 | .50 | 5.71 | 17.50 | 7.50 | .20 | -.49 | -7.55 | 10.66 | .59 | .30 N | 73.1 | 23.0 | 4.3 | 13.0 | .10 | 1.1 | 12-13-82 | 165.1 | 7.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 14.25 | 11.75 | 14.25 | 2.75 | 23.91 | 14.25 | 4.91 | .59 | 3.34 | -4.20 | 33.08 | .74 | .50 N | 119.0 | 9.0 | 3.2 | 15.5 | .20 | 1.4 | 01-27-83 | 37.0 | 1.2 | .6 | 1.01 | 1.51 | 0282 |
| Carrols Develop | CRL | 12.38 | 10.38 | 12.00 | .00 | .00 | 12.50 | 4.13 | .13 | 1.76 | 1.36 | -19.32 | .66 | .45 S | 73.7 | 21.0 | 1.9 | 11.3 | .11 | .9 | 12-20-82 | 68.6 | 1.3 | .6 | 9.82 | 5.99 | 0582 |
| Chart House | CHHO | 23.50 | 20.63 | 23.13 | .63 | 2.78 | 28.13 | 15.88 | -.79 | 2.38 | 2.27 | 18.13 | 2.03 | .16 N | 8.2 | 13.0 | 5.0 | 11.0 | .60 | 2.6 | 12-27-82 | 353.9 | 17.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 26.63 | 23.13 | 26.63 | 3.38 | 14.52 | 26.63 | 7.91 | .17 | 1.86 | -1.72 | -9.78 | .37 | .18 S | 60.0 | 26.0 | 11.1 | 55.5 | .00 | .0 | 12-20-82 | 14.9 | 2.1 | 3.1 | .74 | .82 | 0481 |
| Ch Full O Nut | CHF | 15.00 | 13.75 | 13.75 | -1.00 | -6.78 | 18.25 | 9.25 | -.04 | -1.55 | -2.14 | 6.51 | .34 | -.23 Q | -38.3 | -13.0 | 1.4 | 37.2 | .40 | 2.9 | 12-09-82 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 36.75 | 32.75 | 34.88 | -1.63 | -4.45 | 40.75 | 25.00 | -.42 | .38 | .29 | 31.17 | 3.52 | -.06 N | -1.7 | 16.0 | 10.8 | 10.2 | 1.00 | 2.9 | 01-24-83 | 412.1 | 44.6 | 1.9 | 1.02 | 15.25 | 1281 |
| Cindys Inc | CNDYC | 3.25 | 3.00 | 3.13 | -.25 | -7.41 | 3.88 | 2.63 | -.99 | -.83 | -6.01 | 37.88 | -.06 | 1.37 F | NE | NE | -.6 | NE | .00 | .0 | 00-00-00 | 17.0 | -.1 | .0 | 7.17 | .29 | 1281 |
| Collins Foods | CF | 20.00 | 18.25 | 19.38 | .00 | .00 | 22.63 | 8.53 | -.42 | .82 | .64 | -25.67 | 1.69 | .50 S | 33.1 | 15.0 | 3.2 | 9.6 | .24 | 1.2 | 12-23-82 | 298.0 | 9.6 | 1.3 | 7.44 | 10.69 | 0482 |
| Consul Corp | CNSL | 12.88 | 11.88 | 12.75 | -.13 | -.97 | 12.88 | 5.25 | .35 | 1.11 | .07 | -15.36 | .00 | -.12 S | -70.5 | NE | .0 | 255.0 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 20.75 | 19.75 | 20.00 | -.25 | -1.23 | 22.50 | 7.75 | -.14 | -.62 | -3.43 | -34.16 | 1.03 | .05 Q | 4.6 | 19.0 | 3.7 | 17.7 | .00 | .0 | 00-00-00 | 35.4 | 1.3 | 1.9 | 5.35 | 6.69 | 0782 |
| Dennys Inc | DEN | 35.00 | 27.13 | 30.00 | .25 | .84 | 36.88 | 19.19 | -.59 | .92 | .48 | -10.23 | 2.47 | .29 S | 12.7 | 9.0 | 3.9 | 11.7 | .64 | 2.1 | 03-04-83 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 17.34 | 16.84 | 17.00 | -.34 | -1.98 | 18.94 | 7.41 | -.13 | -.46 | -.99 | -3.01 | 1.40 | .19 F | 15.7 | 19.0 | 8.8 | 12.1 | .24 | 1.4 | 02-07-83 | 68.7 | 5.7 | 1.3 | 7.63 | 7.07 | 1081 |
| Frischs | FRS | 15.00 | 12.88 | 15.00 | 2.38 | 18.81 | 15.00 | 7.09 | -.39 | 3.36 | -.59 | 45.20 | 1.80 | -.15 S | -8.7 | 14.0 | 3.8 | 9.6 | .40 | 2.7 | 11-29-82 | 101.0 | 3.8 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 20.63 | 17.38 | 20.25 | 2.75 | 15.71 | 20.63 | 9.63 | .84 | .84 | 5.85 | -15.88 | .58 | .63 N | NC | 130.0 | 16.0 | 32.1 | .00 | .0 | 00-00-00 | 33.8 | 5.4 | 2.0 | .76 | 1.01 | 1281 |
| Hambrg Hamlet | HAMB | 7.50 | 6.75 | 7.50 | .75 | 11.11 | 8.25 | 5.00 | .62 | 1.30 | -1.60 | -15.00 | 1.35 | .50 S | 81.9 | -8.0 | 3.2 | 6.8 | .00 | .0 | 00-00-00 | 31.6 | 1.0 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.75 | 1.50 | 1.63 | .13 | 8.33 | 3.88 | 1.00 | 2.12 | 1.48 | -7.21 | .00 | -2.22 | -5.08 N | -336.8 | -63.0 | -11.4 | NE | .00 | .0 | 00-00-00 | 30.6 | -3.5 | 1.4 | 18.38 | 8.12 | 0981 |
| Hilton Hotels | HLT | 44.13 | 41.00 | 42.13 | -1.13 | -2.60 | 52.00 | 27.63 | -.65 | -.09 | -.65 | -9.71 | 3.12 | -1.10 F | -26.0 | 17.0 | 13.4 | 13.5 | 1.80 | 4.3 | 02-28-83 | 539.3 | 112.6 | 2.0 | 4.48 | 19.98 | 1281 |
| Holiday Inns | HIA | 39.75 | 34.25 | 37.88 | -1.63 | -4.11 | 40.25 | 23.75 | .12 | .63 | -3.39 | -6.46 | 3.66 | .57 N | 20.1 | 22.0 | 7.8 | 11.1 | .80 | 2.1 | 12-13-82 | 1765.1 | 137.4 | .8 | 20.99 | 25.33 | 1281 |
| Holiday Inns A | HIA A | 54.00 | 54.00 | 54.00 | -5.00 | -8.47 | 59.00 | 37.00 | .17 | -.76 | .19 | -50.00 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 25.00 | 22.38 | 23.25 | -.13 | -.53 | 25.63 | 9.22 | -.12 | -1.06 | -2.77 | 16.74 | .95 | .05 N | 5.5 | 30.0 | 2.7 | 24.5 | .00 | .0 | 09-27-82 | 166.1 | 4.5 | 1.7 | 11.45 | 6.30 | 1281 |
| Hungry Tiger | HTIG | 10.25 | 9.00 | 10.00 | -.25 | -2.44 | 10.25 | 4.00 | .38 | 1.62 | -2.84 | 2.09 | .78 | -.01 Q | -1.4 | 8.0 | 3.8 | 14.5 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 2.00 | 1.81 | 2.00 | .13 | 6.67 | 2.00 | 1.31 | .02 | .51 | -2.86 | 50.00 | .24 | .00 F | .0 | 2.0 | 2.0 | 8.3 | .14 | 7.0 | 09-28-82 | 8462.9 | 171.0 | 1.1 | .65 | 2.08 | 1081 |
| Intl Dairy Queen | INDQ | 24.25 | 23.75 | 24.25 | .25 | 1.04 | 24.75 | 9.50 | .07 | -.22 | -3.38 | 39.52 | 2.17 | .45 F | 26.1 | 37.0 | 6.2 | 11.2 | .00 | .0 | 00-00-00 | 91.3 | 5.6 | 1.1 | 9.68 | 5.82 | 1181 |
| Int King Tab | IKNG | 10.13 | 9.88 | 10.00 | -.13 | -1.23 | 10.50 | 1.75 | .28 | -.52 | -2.10 | -22.05 | .33 | 1.00 S | NE | .0 | 1.4 | 15.4 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 12.50 | 10.50 | 12.38 | .88 | 7.61 | 12.50 | 4.25 | .30 | 3.15 | -2.19 | -25.08 | .93 | .27 Q | 39.1 | 12.0 | 3.5 | 12.9 | .16 | 1.3 | 10-29-82 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 23.38 | 22.13 | 23.00 | .13 | .55 | 29.38 | 15.88 | -.72 | .42 | 8.23 | 20.22 | 1.75 | -.12 Q | -6.6 | 23.0 | 5.1 | 13.6 | .12 | .5 | 11-05-82 | 425.5 | 21.8 | .9 | 3.64 | 11.24 | 0682 |
| Kapok Tr Inns | KTI | 4.75 | 4.38 | 4.75 | .25 | 5.56 | 4.75 | 3.00 | .11 | -.28 | .48 | 30.61 | -.37 | -.13 F | NE | -31.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 13.8 | -.4 | 3.1 | 1.93 | 5.84 | 0981 |
| Kelly-Johnston | KEJO | 21.38 | 19.75 | 19.75 | -.50 | -2.47 | 24.50 | 9.34 | -.19 | -1.39 | -1.30 | 25.70 | .59 | .14 S | 30.4 | 106.0 | 8.4 | 32.9 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 24.00 | 20.75 | 23.00 | -.25 | -1.08 | 24.00 | 8.88 | .31 | 1.44 | .82 | 3.31 | 1.51 | 1.78 N | NC | 17.0 | 3.4 | 12.9 | .00 | .0 | 00-00-00 | 200.6 | 6.9 | 1.9 | 6.43 | 8.34 | 0182 |
| Lubys Cafe | LUB | 39.88 | 37.25 | 37.50 | -2.00 | -5.06 | 40.75 | 24.50 | -.21 | -.72 | -2.35 | -44.73 | 1.69 | .24 Q | 15.8 | 21.0 | 9.1 | 21.4 | .60 | 1.6 | 12-13-82 | 127.3 | 11.6 | 1.9 | .80 | 8.49 | 0882 |
| Marcus Corp | MRCS | 11.38 | 9.63 | 10.25 | .75 | 7.89 | 11.38 | 5.38 | .65 | -.98 | .62 | -28.55 | 1.13 | -.09 S | -7.3 | 3.0 | 5.7 | 9.0 | .00 | .0 | 08-24-81 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 59.25 | 53.25 | 53.88 | -5.63 | -9.45 | 61.88 | 32.00 | -.31 | -.62 | 4.22 | 12.06 | 3.20 | .29 N | 9.5 | 29.0 | 4.3 | 16.1 | .36 | .7 | 12-20-82 | 2000.3 | 86.1 | .9 | 23.23 | 16.12 | 1281 |
| McDonalds Cp | MCD | 59.88 | 54.88 | 58.50 | 1.00 | 1.74 | 65.63 | 39.09 | -.27 | .72 | -3.22 | 1.92 | 4.36 | .65 N | 15.4 | 18.0 | 10.7 | 12.0 | .88 | 1.5 | 10-15-82 | 2477.2 | 264.8 | .5 | 15.35 | 22.73 | 1281 |
| Morrison Inc | MORR | 19.88 | 17.38 | 18.75 | -.63 | -3.23 | 19.88 | 8.50 | .39 | 1.45 | -.99 | 5.67 | 1.16 | .33 S | 33.6 | 8.0 | 4.1 | 14.3 | .36 | 1.9 | 01-03-83 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 2.50 | 2.25 | 2.38 | -.13 | -5.00 | 3.38 | 1.75 | -.42 | .85 | .58 | 24.19 | -.98 | -1.20 F | -545.4 | -29.0 | -2.9 | NE | .00 | .0 | 05-29-80 | 55.7 | .3 | 1.4 | 3.45 | 4.70 | 0981 |
| Nathans | NATH | 2.38 | 2.38 | 2.38 | .00 | .00 | 2.50 | .72 | .78 | -.82 | -5.16 | -8.82 | .03 | .80 S | NE | NE | .6 | 23.8 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles | NAUG | 18.25 | 17.25 | 18.00 | -.25 | -1.37 | 21.50 | 6.84 | -.25 | -.35 | -5.01 | 32.97 | .78 | .83 Q | NC | 48.0 | 3.9 | 21.7 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 14.50 | 14.50 | 14.50 | .00 | .00 | 14.50 | 9.00 | -.01 | -.76 | -1.60 | 25.00 | 1.74 | -.83 N | -47.9 | 3.0 | 1.3 | 16.1 | .32 | 2.2 | 12-29-82 | 133.4 | 1.7 | .8 | 5.60 | 13.02 | 0981 |
| Orange-co | OJ | 5.38 | 4.88 | 5.13 | .13 | 2.50 | 11.13 | 4.38 | .23 | .31 | -3.78 | -8.28 | -.25 | -1.69 Q | -156.4 | -26.0 | -.8 | NE | .20 | 3.9 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 8.63 | 7.50 | 7.88 | -.25 | -3.08 | 9.88 | 2.88 | .57 | .63 | -.19 | 31.66 | .19 | .21 Q | NC | 73.0 | 13.8 | 37.5 | .00 | .0 | 00-00-00 | 5.8 | .8 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 15.63 | 14.13 | 15.00 | -.50 | -3.23 | 18.13 | 13.50 | -.66 | .00 | 3.05 | 25.90 | 1.39 | -.11 S | -7.8 | 12.0 | 5.9 | 11.5 | .56 | 3.7 | 12-09-82 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 8.75 | 7.38 | 8.00 | .13 | 1.59 | 8.75 | 4.50 | 1.01 | .84 | 3.15 | 2.88 | .50 | -.17 N | -27.4 | -8.0 | 1.0 | 17.8 | .00 | .0 | 00-00-00 | 133.5 | 1.4 | .9 | 12.94 | 6.65 | 1281 |
| Pizza Time Thea | CHKY | 20.25 | 16.00 | 20.25 | 1.75 | 9.46 | 32.50 | 14.25 | .54 | 5.21 | -1.67 | 36.22 | .58 | .78 N | 229.4 | 42.0 | 7.2 | 18.1 | .00 | .0 | 00-00-00 | 36.2 | 2.6 | 3.2 | .81 | 7.87 | 1281 |
| Ponderosa Sys | PON | 18.00 | 16.00 | 16.63 | -.75 | -4.32 | 19.50 | 8.00 | -.12 | -.59 | -.95 | 18.57 | 1.34 | .66 N | 69.4 | -6.0 | 2.4 | 10.3 | .33 | 2.0 | 01-07-83 | 353.9 | 8.5 | 1.0 | 13.32 | 11.23 | 0282 |
| Ramada Inns | RAM | 6.38 | 5.63 | 6.00 | .00 | .00 | 6.50 | 4.25 | .63 | .50 | -1.05 | -1.15 | .05 | -.60 N | -272.7 | -24.0 | .4 | NE | .00 | .0 | 10-19-81 | 395.5 | 1.4 | .6 | 18.98 | 6.03 | 1281 |
| Restaur Assc | RA | 7.00 | 6.13 | 6.75 | .38 | 5.88 | 7.50 | 3.25 | .53 | 1.14 | 2.76 | -30.93 | .97 | -.32 N | -32.6 | 42.0 | 2.4 | 10.2 | .00 | .0 | 00-00-00 | 99.2 | 2.4 | 1.3 | 3.17 | 6.38 | 1281 |
| Saga Corp | SGA | 44.00 | 39.75 | 43.00 | -1.00 | -2.27 | 44.50 | 18.63 | .18 | 1.32 | -2.52 | -11.80 | 3.35 | .78 S | 25.2 | 41.0 | 1.9 | 11.1 | .56 | 1.3 | 11-15-82 | 901.0 | 16.8 | .9 | 8.51 | 17.72 | 0682 |
| Sea Galley | SEAG | 7.75 | 7.38 | 7.75 | .13 | 1.64 | 10.63 | 5.50 | .56 | .26 | -1.38 | -2.06 | .68 | -.17 N | -24.6 | 45.0 | 4.5 | 14.9 | .00 | .0 | 06-02-81 | 49.0 | 2.2 | 1.8 | 2.38 | 4.99 | 1281 |
| Servico Inc | SRVI | 13.75 | 12.00 | 13.75 | 1.25 | 10.00 | 13.75 | 7.03 | .73 | -.54 | 1.38 | 14.14 | 1.54 | -.82 N | -43.6 | 61.0 | 3.5 | 13.0 | .00 | .0 | 07-09-82 | 126.4 | 4.4 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 32.38 | 29.38 | 29.88 | -1.63 | -5.16 | 32.38 | 12.63 | .15 | -.46 | .71 | -3.20 | 1.60 | .57 F | 55.3 | 25.0 | 6.1 | 18.7 | .20 | .7 | 01-05-83 | 268.7 | 14.8 | 1.0 | 1.97 | 5.03 | 1081 |
| Skippers | SKIP | 9.50 | 8.25 | 9.25 | .50 | 5.71 | 9.50 | 4.25 | .78 | 2.66 | 2.54 | 29.22 | .73 | -.46 N | -46.0 | 4.0 | 3.0 | 17.1 | .08 | .9 | 10-18-82 | 33.7 | 1.0 | 1.2 | 3.45 | 6.07 | 1281 |
| Sonesta Hotel | SNSTZ | 16.50 | 16.00 | 16.50 | .50 | 3.13 | 16.50 | 8.50 | .25 | -.77 | -.04 | -35.71 | .94 | -.70 N | -40.2 | 39.0 | 1.4 | 15.9 | .20 | 1.2 | 06-25-82 | 145.0 | 2.1 | .9 | 27.74 | 10.01 | 1281 |
| So Hospitality | SHOS | 5.25 | 4.38 | 5.25 | .88 | 20.00 | 5.25 | 1.00 | 1.68 | 2.26 | 3.33 | 36.64 | .14 | .19 S | NC | 23.0 | 2.5 | 27.6 | .00 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 3.88 | 3.50 | 3.88 | .19 | 5.08 | 4.00 | 2.50 | -.23 | 1.61 | -1.13 | 12.91 | .18 | .12 F | 200.0 | -28.0 | 1.4 | 21.5 | .00 | .0 | 05-17-79 | 56.5 | .3 | 1.2 | 4.60 | 2.60 | 0981 |
| Victoria Stations | VSTA | 6.88 | 6.13 | 6.88 | .75 | 12.24 | 11.00 | 5.00 | .14 | 1.37 | .33 | 35.38 | .35 | .58 S | NE | -38.0 | 1.0 | NE | .00 | .0 | 09-19-79 | 123.4 | 1.2 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 14.88 | 13.50 | 14.00 | .00 | .00 | 16.75 | 8.16 | -.38 | -.09 | -.13 | -4.86 | 1.01 | .10 N | 10.1 | 18.0 | 7.6 | 12.8 | .24 | 1.7 | 11-26-82 | 486.0 | 36.9 | .6 | 2.56 | 5.27 | 1281 |
| Webb Del E | WBB | 12.38 | 10.13 | 11.25 | -.75 | -6.25 | 12.38 | 4.88 | .26 | 1.07 | 3.03 | -.80 | .56 | .81 N | NE | -24.0 | 1.3 | 20.5 | .00 | .0 | 11-07-80 | 414.8 | 5.3 | 1.1 | 16.12 | 13.25 | 1281 |
| Winners Cp | WNER | 16.63 | 15.38 | 15.88 | -.63 | -3.79 | 16.63 | 7.13 | .20 | .27 | -.40 | -28.72 | .67 | .84 N | NC | 6.0 | 2.1 | 18.9 | .00 | .0 | 00-00-00 | 72.7 | 1.5 | .3 | 13.37 | 7.09 | 1281 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# Outlook mixed for major food-service chains

MIDDLETOWN, N.J.—Friendly Ice Cream, Hardee's, Burger King and Pizza Hut led the way in real sales gains for December, showing respective 14%, 10%, 9% and 9% increases over the previous December.

In Carl DeBiase's Restaurant Industry Trends' extensive monthly surveys of 17 leading chains, Denny's, Long John Silver's and Church's slumped with respective 3%, 3% and 2% real sales dropoff from the previous December. Meanwhile, Sambo's started to show positive results for the first time in months, with 2% real sales increases attributable to initial switches to a new Season's format.

(Real sales figures, representing the increase in total sales of comparable restaurants minus the past year's menu price rises, give an indication of customer count patterns.)

Menu prices are again climbing for the 17 chains as evidenced by an average 4% price increase for December, compared with the previous December. This increase had been 3.8% in October and 3.4% in November.

Total comparable sales for the 17 chains jumped 7.3% over the previous December and real sales rose 3.3%, following a 4% real sales rise in October and 2.9% in November.

For the fourth quarter of 1982, DeBiase listed hamburger chains as showing a 5.6% real sales gain while coffee shop chains rose only 2.8%.

A curious discrepancy arose between the 7.3% total December sales increase of the 17 major chains, contrasted with a 15% increase for all eating and drinking place sales as reported by the U.S. Department of Commerce.

"We may have to scale down for the time being the role some of the major chains are playing in determining industry sales trends," DeBiase declared.

But Prudential-Bache's Michael Culp, in his latest report, contrasted the U.S. Commerce Department's estimated 8% real sales rises for eating places "with the world as seen through the eyes of those who operate in it."

He depicted customer counts as actually being "back in the red in real terms" and said that "conditions have been deteriorating in recent months, not strengthening."

Culp expressed the conviction that "the restaurant industry is weakening in the face of further deterioration in the overall economy, and no material pickup in traffic will be evident until mid-1983 at the earliest."

Nobody will notice "even if traffic turns during the seasonally slow winter," Culp asserted. "This turn of events is especially discouraging because the restaurant industry appears to function as a leading economic indicator both late in economic recoveries and late in recessions. It should be turning up now if the rest of the economy is to be in a recovery by spring. It isn't."

This outlook is projected even through figures indicate that restaurant sales increases are outpacing those of food stores. The latter's total sales rises were under 5% in the fourth quarter, with real sales growth less than 2%.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Saga Corp. | 13 wks.<br>26 wks. | 12/25 | | | $270.606<br>477.088 | 7.9<br>7.3 | $ 10.022<br>444.348 | 26.8<br>28.2 |
| Piccadilly Cafs. | 13 wks.<br>6 mos. | 12/31 | $39.837<br>77.725 | 7.4<br>8.3 | | | 2.495<br>4.464 | (16.2)<br>(11.5) |
| Beefsteak Chas. | 12 wks.<br>12 mos. | 10.30 | | | 22.824<br>99.028 | 5.3<br>12.9 | 1.005<br>4.082 | 65.2<br>32.5 |
| Int'l Dairy Q. | 13 wks.<br>12 mos. | 11/30 | | | 19.644<br>99.308 | 9.1<br>7.1 | $879,442<br>6.161 | 24.1<br>10.4 |
| JB's Rests. | 12 wks. | 12/19 | | | 11.275 | 18.6 | $386,006 | 18.3 |
| Denny's Inc. | 13 wks.<br>26 wks. | 12/24 | | | 253.799<br>523.147 | 9.9<br>6.7 | 8.973<br>21.068 | 5.0<br>9.4 |
| Hilton Hotels | 13 wks.<br>26 wks. | 4 qtr. | | | 152.000<br>620.500 | (3.2)<br>1.3 | 18.800<br>83.400 | (35.8)<br>(25.9) |
| Ryan's Fam. Steak H. | 13 wks.<br>12 mos. | 12/29 | | | 2.841<br>9.788 | 44.9<br>21.6 | $312,000<br>$974,000 | 68.6<br>47.3 |
| Chart House Inc. | 13 wks.<br>12 mos. | 12/31 | | | 97.676<br>382.047 | 70.3<br>77.3 | 5.637<br>18.716 | 58.9<br>56.1 |
| Jerrico Inc. | 13 wks.<br>6 mos. | | | | 109.815<br>226.208 | 6.5<br>6.5 | 4.701<br>10.406 | (8.7)<br>(10.9) |
| Sandwich Chef Inc. | 13 wks. | 1/1 | 4.475<br>9.163 | 12.8<br>16.0 | | | $167,313<br>$382,734 | 6.8<br>9.6 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# *Airlines' operating results grounded in 4th quarter*

Major airlines reported poor operating results for the final fiscal quarter of 1982.

Still afflicted by recession induced slack travel both United Airlines and Trans World reported large operating losses.

Both company's parents, however, turned in overall gains for the period.

UAL Inc., which owns United and also has large interests in hotels and resorts said it enjoyed last period earnings of $52.2 million compared with a loss of $65.1 million for the same period in 1981. Revenues for the period picked up 4.9% to $1.28 billion.

At Trans World, meanwhile, the fourth period brought a $9.8 million profit to match with $11.9 million in red ink in the comparable 1981 quarter. The big gain was not helped by the company's airline operation which registered a $24.7 million loss for the last quarter. The airline lost $50.1 million during the 1981 period.

Trans World's fourth quarter revenues were off 2.4% to $1.21 billion.

Holding flat in reported earnings for the period was USAir, which posted a $12 million profit for their fourth quarter as against a $12.6 million profit in 1981.

USAir's final quarter revenue jumped from $294.3 million in 1981 to $326.7 million last year.

At Miami-based Eastern Airlines fourth quarter net profit was reported at $12.2 million. This includes $50 million in non-operating gains from the sale of tax credits on leasing transactions.

For the 1981 fourth quarter Eastern had logged a $26.7 million loss. Revenues for the period ended Dec. 31 were put at $937.4 million.

## Bob Evans nets $16.3M from stock sale

COLUMBUS, Ohio—Bob Evans Farms netted $16.3 million in January from the sale of 660,000 shares of common stock. The sale, priced at $26 per, brought the number of outstanding shares to about 13.1 million.

Most of the proceeds will be used to finance construction of new restaurants. The company operates 90 family restaurants in seven states and plans 14 new units this year. The company also manufactures and markets sausage products in 16 states.

The offering was made soon after, and was adjusted for, a 4-for-3 stock split.

# Pizza Time net profit soars 189% in fiscal '82

SUNNYVALE, Calif.—Pizza Time Theatre Inc. has posted a 189% increase in net earnings for fiscal 1982 ended Dec. 30—a year when the number of units increased by 132% systemwide. Net income was $7.5 million on revenues of $99.3 million, compared to $2.6 million on revenues of $36.2 million in 1981.

At the end of fiscal '82 Pizza Time units numbered 204 vs. 88 at the end of fiscal '81.

The 174% increase in total revenues included $82.6 million from company-operated stores and $16.7 million from franchised outlets, increases over 1981 of 179% and 150%, respectively. At the end of 1982 there were 109 company stores and 95 franchised, compared to 44 of each at the close of 1981.

In the fourth quarter ended Dec. 30 systemwide revenues advanced 143% to $34.1 million, while net income rose 78% to $1.9 million, compared to the fourth quarter of 1981.

The company reported that labor cost for company units was 24.1% of sales for the fourth quarter.

Total cost of sales for a company store was 42.8%; operating profit was 16.2%. The net results for company units included a negative year-end adjustment of $550,000 to increase depreciation on leasehold improvements and games, of which $300,000 applied to prior fiscal periods.

Pizza Time also reduced its cumulative tax provision from 27.5% estimated at the end of the third quarter to 14.9% for the full year. The adjustment reflected revised estimates for revenues and increased investment tax credit.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NEW ISSUE

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**PROFILE: WALLY BOTELLO**
***Restaurateur with a game plan—Page 35***

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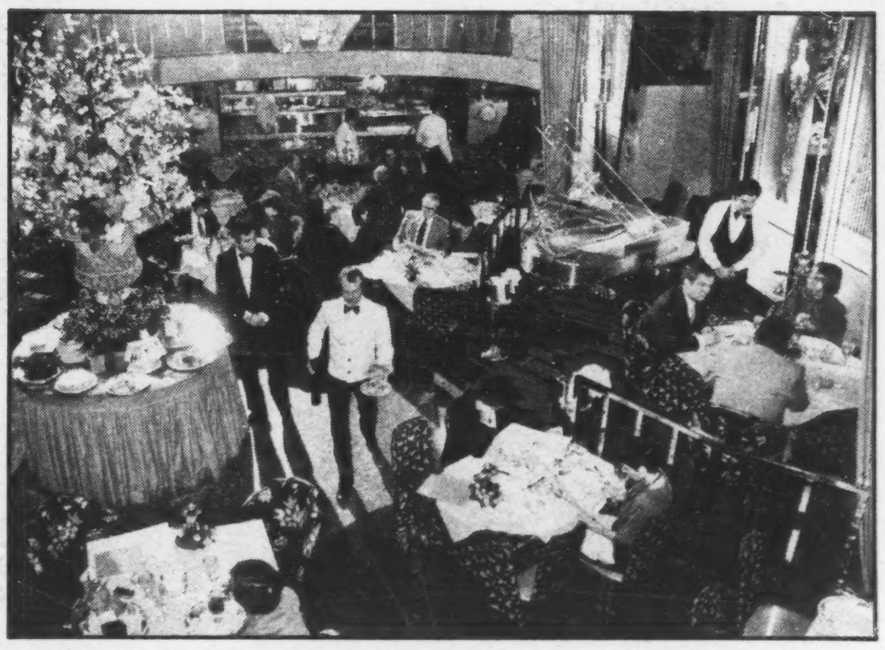

**Although La Mer got off to an inauspicious start, shrewd marketing has put the restaurant on the road to recovery.**

## *Creating a new mystique at Chicago's La Mer*

**NRN Special Report**

CHICAGO—La Mer, the unique and luxuriously priced Rush Street-area French seafood house, has launched the Bistro de la Mer, a scaled-down restaurant within a restaurant.

It is one of many changes and innovations at the critically acclaimed restaurant since its very slow start two years ago as a private club. It is all part of an apparent effort to increase sales and broaden its market.

La Mer is a collaboration between two of the area's most vital food-service figures—restaurateur/showman Arnie Morton, and Jean Banchet, internationally known chef/owner of Le Francais in Wheeling.

Its debut as a private club in January 1981, however, proved to be a big marketing mistake. In the summer of '81 it went public, and from most reports customer counts have been moving steadily upward ever since.

*(Continued on page 37)*

*At IRS hearings on Tip Reporting . . .*

## Angry operators, workers blast tax law, demand relief

**By Ken Rankin**

WASHINGTON—Food-service industry hostility over new Federal tip reporting rules erupted in Washington earlier this month as a parade of angry restaurant operators, union leaders and individual waitresses demanded relief from the controversial disclosure requirements.

Both the tax service regulations and the new Federal law that prompted them came under steady fire from industry management and labor representatives who took turns blasting the tip requirements as "abusive," "discriminatory" and "un-American" during a stormy, day-long public hearing at Internal Revenue Service headquarters.

New Jersey restaurant consultant Paul Samperi described the tip disclosure rule as an example of "Big Brother" government, adding that within the food-service industry the law "is about as popular as the Stamp Act of 1765."

If anything, representatives of the nation's food and beverage workers voiced even harsher criticism of the new IRS rules which require restaurants with more than 10 employees to help Federal tax collectors track down waitresses who fail to report tips equaling at least 8% of the value of the meals they serve.

San Bernardino, Calif., union leader Kathy Paulson from Local 535 of the Hotel Employees & Restaurant Employees International called the rule openly

*(Continued on page 78)*

*While at NRA winter meeting . . .*

## Tip reporting battle plan forged

**By Richard Martin**

LAHAINA, Hawaii—Responding to industry frustration over the new tip reporting regulations, the National Restaurant Association has moved to forge a political battle plan for revision of the tip-tax law.

At its winter board of directors meeting here, the NRA also took steps to sharply increase funding of its Government relations activities.

With committee sessions at the Hyatt-Regency Maui dominated by debate over tip income allocation provisions of the 1982 Tax Equity and Fiscal Responsibility Act, the NRA created an ad hoc committee to present recommendations momentarily calling for the dispatch of an action task force to Washington.

"What we're talking about is an *action* task force, not a *study* task force," NRA president John Dankos stressed. "We're very much concerned about increasing our funding and getting all factions of the industry to participate."

While the tactics of the NRA's proposed task force are yet to be defined, its goals will likely be reflective of board members' concerns which surfaced throughout the four-day schedule of committee sessions.

Government relations committee chairman John Cauley (president and ceo of Friendly Ice Cream Corp.) told board members that NRA "must be proactive, not reactive" in its

*(Continued on page 78)*

## *Fine dining segment weathers recession's worst blows*

**By Joe Edwards**

A couple of years ago, before Ohio's industries were devastated by the recession and before the state's work force was hit by widespread layoffs, Cincinnati's movers and shakers regularly entertained their clients and friends at Maisonette.

They still do, but not nearly as often. Expense-account spending is off at Maisonette, a highly acclaimed French haute cuisine restaurant, and at some other fine dining establishments throughout the country.

"The auto dealers are not out entertaining," explains co-owner Michael Comisar. "Area meetings are not being held with as much frequency. Real estate people used to take their clients out to celebrate a closing; now they don't. Home builders aren't entertaining."

Yes, Comisar adds, "We've been hit by the recession. A restaurant of our ticket, a white tablecloth, five-star restaurant, is being touched by very logical things."

Comisar, whose restaurant was a 1980 winner of *Nation's Restaurant News'* annual Fine Dining Hall of Fame Awards, is not alone in his assessment of how the recession is affecting the fine dining segment.

Other past winners, representing some of the country's best restaurants, say they are starting to feel an economic pinch.

Still, their problems are far less pronounced than those of operators in other segments of the food-service industry. And some fine dining restaurant owners say they haven't noticed the recession at all.

(Winners of the 1983 Fine Dining Hall of Fame Awards will be honored by *Nation's Restaurant News* at a champagne brunch during the National Restaurant Association show in Chicago. *NRN* will publish a special section on the winners in the May 23 issue.)

Blessed with loyal, wealthy customers, impeccable reputations for quality food, service and innovation, and more than a little built-in recession-proofing, fine dining restaurants operate in a unique market niche that so far has sheltered most from everyday economic problems.

Beyond doubt times are tough, but these operators can at least say, "We're holding our own."

Sales volumes are off only slightly, if at all, they report.

*(Continued on page 78)*

**Don Dianda, pictured in front of his Doro's in San Francisco, says he has seen only slight cutbacks in expense-account spending.**

## LATE NEWSBREAKS

**John Boylan, president of Bonanza, has moved cross-town in Dallas to president of Peoples, the blossoming 35-unit casual restaurant chain. He succeeds Guy Van Dyke, who becomes a Peoples franchisee. Donald Thomson continues as Peoples chairman and ceo while Bonanza marketing senior vice president Jeff Rogers succeeds Boylan as president there.**

**Restaurant operators were trying to recover from the effects of a devastating mid-February blizzard which dumped up to 2 ft. of snow on major metropolitan areas all along the East Coast starting in Virginia. Sales during a critical three-day period from Friday through Sunday plummeted to virtually zero.**

**Elmont Steel, a Canadian diversified firm, has agreed to purchase a 58% interest in Kapok Tree Inns Corp., Clearwater, Fla., operator of five restaurants and a restaurant supply company.**

***Great Chefs Profile: Jonathan Waxman—Page 38***

## FINANCIAL NEWS

# Strong finish lifts Skipper's 1982 results

BELLEVUE, Wash.—Skipper's Inc. salvaged a 5.4% fiscal year net profit gain by achieving a $513,000 fourth quarter net profit, double the figure of 1981's fourth quarter.

Revenues jumped 21% to $12.8 million for the quarter ended Dec. 26 from $10.6 million in the same period the previous year.

For the full year Skipper's net profit was $1.05 million compared to $953,000 in fiscal 1981. Revenues for 1982 were up 12% to $38 million.

The company, which operates and franchises 133 Skipper's Seafood & Chowder House restaurants in six Western states, opened 17 new units last year—12 company operated and five franchised (bringing the total of units franchised to 15). Average annual sales per unit in the limited-service, fast-seafood chain are now about $360,000.

President and ceo Gene Stone expressed gratification for the company's fourth consecutive year of what he called "strong" earnings gains. "It was a challenging year to say the least considering the soft economy and the high rate of unemployment in our market areas," Stone said. "Admittedly, we had a poor first quarter which made our jobs all the more difficult."

Senior vp Chris Lesourd reports that plans for 1983 call for development of from 20 to 30 new units, with emphasis on the Denver area, and entry into two new states—Hawaii and Nevada.

The company currently operates in Washington, Oregon, California, Colorado, Idaho and Utah, as well as British Columbia.

A program of menu expansion began last month with rollout of a new salmon-in-a-basket item for $3.29, backed up by 30-second television spots

The salmon item, a fillet cut into bite-size pieces and batter fried, is served with fries and coleslaw. Skipper's began serving all its entree items with both fries and slaw last year.

In March, the company will begin TV promos of its new Skipper's Platter ($3.69) of fish, shrimp and clams. The current high-ticket item is the same combo, plus scallops, for $4.59.

Currently, the average per-person expenditure is estimated at $3.25, with an average transaction being in the $5-$6 range.

The company plans to test a nonfried fish item this year for a possible introduction in 1984. Although some retooling of the kitchen might be required, the move would help satisfy what the company perceives as a demand for grilled or broiled fish.

## Appeal denied in Chock Full o'Nuts dispute

NEW YORK—The United States Court of Appeals for the Second Circuit has denied an appeal by Jerry Finkelstein to overturn the results of Chock Full o'Nuts recent board of directors election.

Company president Leon Pordy said the decision effectively certifies the results of a bitterly fought contest between Finkelstein, a group of dissident stockholders, and the current board, headed by chairman William Black.

# Food-service chain stock analysis table

| Name | Symbol | STOCK PRICE: Two Weeks Ended Feb. 11 High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | TREND TO MARKET: Price Trend (% per day) Last 30 Days | Price Trend (% per day) Last 5 Days | Volume Trend (% per day) Last 30 Days | Volume Trend (% per day) Last 5 Days | EARNINGS/SHARE: Last Fiscal Year | Latest 12 Months vs Preceding 12 Months Change Amt. | Change Pct. | 5-Year Annual Growth Rate | Profit Margin | P/E Latest P/E Ratio | DIVIDENDS: Indicated Dvd. Rate Amt. | Indicated Dvd. Rate Yield | Last X-Dvd. Date | FINANCIAL POSITION: Last Fiscal Year Revenue | Last Fiscal Year Earnings | Current Ratio | Last Fiscal Year (Per Share) Long Term Debt | Last Fiscal Year (Per Share) Common Stock Equity | Last Balance Sheet Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Aca Los A Res | ALAR | 7.00 | 5.50 | 7.00 | 1.13 | 19.15 | 7.88 | 3.63 | .31 | 6.54 | 1.42 | 51.75 | .05 | -.42 F | -89.3 | -16.0 | .3 | 140.0 | .00 | .0 | 01-06-81 | 27.7 | 1.2 | 2.4 | 5.69 | 2.90 | 1081 |
| Am Motor Inns | INN | 30.13 | 28.00 | 28.63 | -.38 | -1.29 | 30.50 | 14.75 | .01 | -.39 | -.99 | -18.93 | 2.10 | .45 Q | 25.4 | 29.0 | 7.0 | 12.9 | .25 | .9 | 12-26-82 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 36.88 | 34.75 | 36.88 | 1.13 | 3.15 | 38.00 | 23.50 | -.12 | .17 | 5.96 | 9.38 | 3.43 | -.36 Q | -9.4 | -8.0 | 1.4 | 10.8 | 2.00 | 5.4 | 11-24-82 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 14.88 | 11.88 | 14.75 | 2.88 | 24.21 | 14.88 | 5.00 | 1.65 | 2.57 | 3.77 | 13.36 | .58 | -.21 Q | -28.0 | -17.0 | 2.2 | 27.3 | .12 | .8 | 12-06-82 | 78.6 | 1.7 | 1.6 | 6.60 | 7.58 | 0982 |
| Beefsteak Char | BCS | 9.00 | 7.13 | 9.00 | 2.00 | 28.57 | 9.00 | 3.38 | .76 | 3.01 | 6.90 | 14.30 | .88 | .26 F | 41.9 | 34.0 | 3.6 | 10.2 | .00 | .0 | 00-00-00 | 86.2 | 2.1 | 1.2 | 1.49 | 3.09 | 1081 |
| Bob Evans Farms | BOBE | 27.25 | 25.75 | 27.25 | 1.25 | 4.81 | 29.06 | 14.66 | -.01 | .82 | .00 | 20.64 | 1.09 | .06 S | 5.9 | 22.0 | 7.9 | 25.5 | .30 | 1.1 | 01-18-83 | 173.4 | 13.7 | 1.7 | .00 | 5.17 | 0482 |
| Bonanza Intl Inc | BNZA | 3.13 | 3.00 | 3.00 | -.13 | -4.00 | 3.75 | 1.06 | -.23 | -.33 | -4.27 | 24.60 | -3.33 | -.69 N | NE | -62.0 | -61.8 | NE | .00 | .0 | 00-00-00 | 24.1 | -14.9 | 1.2 | 11.24 | 1.50 | 1281 |
| Brock Hotel Cp | BHC | 9.25 | 8.13 | 8.25 | -1.00 | -10.81 | 17.50 | 7.50 | -.25 | -.55 | 1.27 | -.65 | .59 | .30 N | 73.1 | 23.0 | 4.3 | 11.6 | .10 | 1.2 | 12-13-82 | 165.1 | 7.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 15.00 | 14.25 | 14.25 | .00 | .00 | 15.00 | 4.91 | 1.17 | -1.26 | -3.57 | -16.08 | .74 | .50 N | 119.0 | 9.0 | 3.2 | 15.5 | .20 | 1.4 | 01-27-83 | 37.0 | 1.2 | .6 | 1.01 | 1.51 | 0282 |
| Captain Crabs | CRAB | 3.88 | 3.38 | 3.88 | .75 | 24.00 | 3.88 | 1.00 | 1.73 | .00 | 4.82 | -27.60 | .00 | .00 F | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Develop | CRL | 9.63 | 8.09 | 9.38 | 1.38 | 17.19 | 9.63 | 2.75 | .50 | 2.04 | -2.53 | -2.50 | .44 | .29 S | 70.7 | 21.0 | 1.9 | 13.4 | .07 | .7 | 02-02-83 | 68.6 | 1.3 | .6 | 6.55 | 4.00 | 0582 |
| Chart House | CHHO | 25.13 | 23.00 | 25.13 | 2.00 | 8.65 | 28.13 | 15.88 | .10 | .46 | -.19 | -8.49 | 2.08 | .05 F | 2.4 | 13.0 | 4.9 | 12.1 | .60 | 2.4 | 12-27-82 | 353.9 | 17.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 26.88 | 24.13 | 24.63 | -2.00 | -7.51 | 26.88 | 7.97 | .57 | -2.39 | -3.24 | 8.73 | .37 | .18 S | 60.0 | 26.0 | 11.1 | 51.3 | .00 | .0 | 12-20-82 | 14.9 | 2.1 | 3.1 | .74 | .82 | 0481 |
| Ch Full O Nut | CHF | 14.88 | 13.63 | 14.75 | 1.00 | 7.27 | 18.25 | 9.25 | -.08 | .96 | -.55 | 11.84 | .34 | -.23 Q | -38.3 | -13.0 | 1.4 | 39.9 | .40 | 2.7 | 12-09-82 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 34.88 | 33.13 | 33.75 | -1.13 | -3.23 | 40.75 | 25.00 | -.37 | -.07 | 3.40 | -15.05 | 3.52 | -.06 N | -1.7 | 16.0 | 10.8 | 9.9 | 1.00 | 3.0 | 01-24-83 | 412.1 | 44.6 | 1.9 | 1.02 | 15.25 | 1281 |
| Cindys Inc | CNDYC | 3.25 | 3.00 | 3.25 | .13 | 4.00 | 3.88 | 2.63 | .57 | .74 | -.68 | -3.37 | -.06 | 1.37 F | NE | NE | -.6 | NE | .00 | .0 | 00-00-00 | 17.0 | -.1 | .0 | 7.17 | .29 | 1281 |
| Collins Foods | CF | 19.38 | 17.50 | 18.38 | -1.00 | -5.16 | 22.63 | 8.53 | -.28 | .72 | 2.94 | 4.26 | 1.69 | .50 S | 33.1 | 15.0 | 3.2 | 9.1 | .24 | 1.3 | 12-23-82 | 298.0 | 9.6 | 1.3 | 7.44 | 10.69 | 0482 |
| Consul Corp | CNSL | 14.13 | 12.25 | 14.13 | 1.38 | 10.78 | 14.13 | 5.25 | .43 | 2.76 | -.61 | 6.16 | .00 | -.12 S | -70.5 | NE | .0 | 282.5 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 20.25 | 20.00 | 20.00 | .00 | .00 | 22.50 | 8.25 | -.12 | -.25 | -3.53 | -4.97 | 1.03 | .05 Q | 4.6 | 19.0 | 3.7 | 17.7 | .00 | .0 | 00-00-00 | 35.4 | 1.3 | 1.9 | 5.35 | 6.69 | 0782 |
| Dennys Inc | DEN | 30.38 | 27.63 | 29.00 | -1.00 | -3.33 | 36.88 | 19.34 | -.40 | .53 | 1.65 | 17.73 | 2.47 | .29 S | 12.7 | 9.0 | 3.9 | 11.3 | .64 | 2.2 | 03-04-83 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 17.00 | 16.25 | 17.00 | .00 | .00 | 18.94 | 7.41 | -.18 | .93 | -1.72 | -46.14 | 1.40 | .19 F | 15.7 | 19.0 | 8.8 | 12.1 | .24 | 1.4 | 02-07-83 | 68.7 | 5.7 | 1.3 | 7.63 | 7.07 | 1081 |
| Frischs | FRS | 15.88 | 14.63 | 15.38 | .38 | 2.50 | 15.88 | 7.09 | .46 | -.73 | .95 | -26.55 | 1.80 | -.15 S | -8.7 | 14.0 | 3.8 | 9.8 | .40 | 2.6 | 11-29-82 | 101.0 | 3.8 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 20.38 | 19.00 | 19.38 | -.88 | -4.32 | 20.63 | 9.63 | .85 | -.90 | .05 | 3.93 | .58 | .63 N | NC | 130.0 | 16.0 | 30.8 | .00 | .0 | 00-00-00 | 33.8 | 5.4 | 2.0 | .76 | 1.01 | 1281 |
| Hambrg Hamlet | HAMB | 7.50 | 7.25 | 7.50 | .00 | .00 | 8.25 | 5.00 | .62 | .41 | -3.90 | 50.00 | 1.35 | .50 S | 81.9 | -8.0 | 3.2 | 6.8 | .00 | .0 | 00-00-00 | 31.6 | 1.0 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.50 | 1.38 | 1.38 | -.25 | -15.38 | 3.13 | 1.00 | .70 | -.72 | -11.44 | .00 | -2.22 | -5.08 N | -336.8 | -63.0 | -11.4 | NE | .00 | .0 | 00-00-00 | 30.6 | -3.5 | 1.4 | 18.38 | 8.12 | 0981 |
| Hilton Hotels | HLT | 42.38 | 40.13 | 42.13 | .00 | .00 | 52.00 | 27.63 | -.28 | .47 | -1.66 | 21.25 | 3.12 | -1.10 F | -26.0 | 17.0 | 13.4 | 13.5 | 1.80 | 4.3 | 02-28-83 | 539.3 | 112.6 | 2.0 | 4.48 | 19.98 | 1281 |
| Holiday Inns | HIA | 37.25 | 34.75 | 36.00 | -1.88 | -4.95 | 40.25 | 23.75 | -.30 | .41 | -.46 | -27.73 | 3.66 | .57 N | 20.1 | 22.0 | 7.8 | 10.6 | .80 | 2.2 | 12-13-82 | 1765.1 | 137.4 | .8 | 20.99 | 25.33 | 1281 |
| Holiday Inns A | HIA A | 54.00 | 52.88 | 54.00 | .00 | .00 | 59.00 | 38.38 | -.39 | .16 | -2.54 | -50.00 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 28.25 | 22.63 | 28.00 | 4.75 | 20.43 | 28.25 | 9.22 | .56 | .92 | 1.30 | 21.71 | .95 | .05 N | 5.5 | 30.0 | 2.7 | 29.5 | .00 | .0 | 09-27-82 | 166.1 | 4.5 | 1.7 | 11.45 | 6.30 | 1281 |
| Hungry Tiger | HTIG | 10.25 | 9.50 | 10.00 | .00 | .00 | 10.25 | 4.00 | .13 | .48 | -1.04 | -15.56 | .78 | -.01 Q | -1.4 | 8.0 | 3.8 | 14.5 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0682 |
| Imperial Grp | IMT | 2.06 | 1.94 | 2.00 | .00 | .00 | 2.06 | 1.50 | .13 | -1.17 | .48 | 21.88 | .24 | .00 F | .0 | 2.0 | 2.0 | 8.3 | .14 | 7.0 | 09-28-82 | 8462.9 | 171.0 | 1.1 | .65 | 2.08 | 1081 |
| Intl Dairy Queen | INDQ | 25.75 | 24.25 | 25.75 | 1.50 | 6.19 | 25.75 | 9.50 | .28 | .84 | -4.08 | -4.62 | 2.17 | .45 F | 26.1 | 37.0 | 6.2 | 11.9 | .00 | .0 | 00-00-00 | 91.3 | 5.6 | 1.1 | 9.68 | 5.82 | 1181 |
| Int King Tab | IKNG | 14.00 | 10.38 | 13.63 | 3.63 | 36.25 | 14.00 | 1.75 | 1.09 | .29 | -.42 | -36.61 | .33 | 1.00 S | NE | .0 | 1.4 | 21.0 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 12.25 | 11.63 | 11.63 | -.75 | -6.06 | 12.50 | 4.25 | .27 | -1.00 | -2.33 | -35.99 | .93 | .27 Q | 39.1 | 12.0 | 3.5 | 12.1 | .16 | 1.4 | 02-07-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 25.25 | 22.63 | 25.13 | 2.13 | 9.24 | 29.38 | 15.88 | -.03 | -.21 | 3.31 | -6.45 | 1.75 | -.20 S | -10.8 | 22.0 | 5.1 | 15.3 | .12 | .5 | 11-05-82 | 425.5 | 21.8 | .9 | 3.64 | 11.24 | 0682 |
| Kapok Tr Inns | KTI | 5.63 | 4.63 | 5.38 | .63 | 13.16 | 5.63 | 3.00 | .75 | -.97 | 3.20 | 1.53 | -.37 | -.13 F | NE | -31.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 13.8 | -.4 | 3.1 | 1.93 | 5.84 | 0981 |
| Kelly-Johnston | KEJO | 20.00 | 19.25 | 19.75 | .00 | .00 | 24.50 | 9.34 | -.03 | .27 | .05 | -19.55 | .59 | .14 S | 30.4 | 106.0 | 8.4 | 32.9 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 25.25 | 23.25 | 25.25 | 2.25 | 9.78 | 25.25 | 9.00 | .46 | .24 | -3.24 | -8.99 | 1.51 | 1.78 N | NC | 17.0 | 3.4 | 14.2 | .00 | .0 | 00-00-00 | 200.6 | 6.9 | 1.9 | 6.43 | 8.34 | 0182 |
| Lubys Cafe | LUB | 38.38 | 36.00 | 37.63 | .13 | .33 | 40.75 | 25.25 | -.25 | -.12 | -1.26 | 32.63 | 1.69 | .24 Q | 15.8 | 21.0 | 9.1 | 21.5 | .60 | 1.6 | 12-13-82 | 127.3 | 11.6 | 1.9 | .80 | 8.49 | 0882 |
| Marcus Corp | MRCS | 10.88 | 10.25 | 10.88 | .63 | 6.10 | 11.38 | 5.38 | .62 | 1.05 | 3.10 | -44.87 | 1.13 | -.09 S | -7.3 | 3.0 | 5.7 | 9.5 | .00 | .0 | 08-24-81 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 55.63 | 50.25 | 55.38 | 1.50 | 2.78 | 61.88 | 32.00 | -.39 | .26 | 2.83 | -66.63 | 3.44 | .24 F | 7.5 | 28.0 | 3.7 | 16.1 | .36 | .7 | 03-21-83 | 2000.3 | 86.1 | .9 | 23.23 | 16.12 | 1281 |
| McDonalds Cp | MCD | 63.38 | 57.25 | 61.00 | 2.50 | 4.27 | 65.63 | 39.09 | .18 | -.66 | -.45 | -14.78 | 5.00 | .64 F | 14.6 | 17.0 | 10.9 | 12.2 | .88 | 1.4 | 10-15-82 | 2477.2 | 264.8 | .5 | 15.35 | 22.73 | 1281 |
| Morrison Inc | MORR | 19.00 | 17.88 | 18.88 | .13 | .67 | 19.88 | 8.50 | .14 | .09 | -1.96 | -12.21 | 1.16 | .33 S | 33.6 | 8.0 | 4.1 | 14.4 | .36 | 1.9 | 01-03-83 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 3.13 | 2.50 | 3.00 | .63 | 26.32 | 3.38 | 1.75 | .52 | .11 | 5.88 | -40.20 | -.98 | -1.20 F | -545.4 | -29.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 2.38 | 2.00 | 2.00 | -.38 | -15.79 | 2.50 | .72 | -.02 | -2.56 | -1.88 | -3.75 | .03 | .80 S | NE | NE | .6 | 20.0 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles | NAUG | 21.50 | 18.00 | 21.50 | 3.50 | 19.44 | 21.50 | 6.84 | .23 | 1.96 | 4.18 | 2.01 | .78 | .87 S | NC | 49.0 | 3.9 | 24.7 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 14.50 | 14.50 | 14.50 | .00 | .00 | 14.50 | 9.00 | .09 | -.25 | 8.11 | -5.00 | 1.74 | -.83 N | -47.9 | 3.0 | 1.3 | 16.1 | .32 | 2.2 | 12-29-82 | 133.4 | 1.7 | .8 | 5.60 | 13.02 | 0981 |
| Orange-co | OJ | 5.38 | 4.75 | 5.38 | .25 | 4.88 | 10.88 | 4.38 | -.28 | 1.41 | -3.28 | 4.97 | -.25 | -1.69 Q | -156.4 | -26.0 | -.8 | NE | .20 | 3.7 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 8.50 | 7.63 | 8.38 | .50 | 6.35 | 9.88 | 2.88 | .34 | .36 | .66 | 22.72 | .19 | .18 S | NC | 78.0 | 13.8 | 46.5 | .00 | .0 | 00-00-00 | 5.8 | .8 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 16.88 | 15.00 | 16.88 | 1.88 | 12.50 | 18.13 | 13.50 | -.13 | .30 | 6.92 | -34.66 | 1.39 | -.11 S | -7.8 | 12.0 | 5.9 | 13.0 | .56 | 3.3 | 12-09-82 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 8.75 | 7.63 | 8.38 | .38 | 4.69 | 8.75 | 4.50 | .76 | -.16 | -1.06 | -36.06 | .50 | -.17 N | -27.4 | -8.0 | 1.0 | 18.6 | .00 | .0 | 00-00-00 | 133.5 | 1.4 | .9 | 12.94 | 6.65 | 1281 |
| Pizza Time Thea | CHKY | 20.25 | 18.25 | 18.75 | -1.50 | -7.41 | 32.50 | 14.25 | .33 | -.39 | -1.61 | -13.67 | 1.27 | .69 F | 118.9 | 41.0 | 7.0 | 14.8 | .00 | .0 | 00-00-00 | 36.2 | 2.6 | 3.2 | .81 | 7.87 | 1281 |
| Ponderosa Sys | PON | 18.25 | 15.00 | 17.75 | 1.13 | 6.77 | 19.50 | 8.00 | -.13 | .17 | 6.86 | -15.25 | 1.34 | .66 N | 69.4 | -6.0 | 2.4 | 11.0 | .33 | 1.9 | 01-07-83 | 353.9 | 8.5 | 1.0 | 13.32 | 11.23 | 0282 |
| Ramada Inns | RAM | 7.00 | 5.75 | 6.38 | .38 | 6.25 | 7.00 | 4.25 | .67 | -2.53 | 2.47 | -41.24 | .05 | -.60 N | -272.7 | -24.0 | .4 | NE | .00 | .0 | 10-19-81 | 395.5 | 1.4 | .6 | 18.98 | 6.03 | 1281 |
| Restaur Assc | RA | 7.63 | 6.63 | 7.50 | .75 | 11.11 | 7.63 | 3.25 | .66 | 1.27 | 3.76 | 14.21 | .97 | -.32 N | -32.6 | 42.0 | 2.4 | 11.4 | .00 | .0 | 00-00-00 | 99.2 | 2.4 | 1.3 | 3.17 | 6.38 | 1281 |
| Ryans Fam Steak | RYAN | 23.25 | 21.00 | 23.25 | 2.25 | 10.71 | 23.25 | 6.16 | 1.10 | 1.08 | -2.96 | 22.73 | .65 | .65 F | NC | 75.0 | 10.2 | 35.8 | .00 | .0 | 01-20-83 | 7.9 | .7 | 1.6 | 1.08 | 1.16 | 1281 |
| Saga Corp | SGA | 43.13 | 41.25 | 41.50 | -1.50 | -3.49 | 44.50 | 20.25 | .14 | -.73 | 1.46 | -47.21 | 3.35 | .78 S | 25.2 | 41.0 | 1.9 | 10.7 | .72 | 1.7 | 02-14-83 | 901.0 | 16.8 | .9 | 8.51 | 17.72 | 0682 |
| Sea Galley | SEAG | 7.88 | 7.75 | 7.88 | .13 | 1.61 | 10.63 | 5.50 | .18 | -.13 | -2.39 | 12.26 | .68 | -.17 N | -24.6 | 45.0 | 4.5 | 15.1 | .00 | .0 | 06-02-81 | 49.0 | 2.2 | 1.8 | 2.38 | 4.99 | 1281 |
| Servico Inc | SRVI | 13.50 | 12.75 | 13.50 | -.25 | -1.82 | 13.75 | 7.03 | .43 | .12 | -1.70 | -12.07 | 1.54 | -.82 N | -43.6 | 61.0 | 3.5 | 12.7 | .00 | .0 | 07-09-82 | 126.4 | 4.4 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 30.25 | 26.75 | 30.25 | .38 | 1.26 | 32.38 | 12.75 | -.18 | 1.36 | .19 | -5.20 | 1.60 | .57 F | 55.3 | 25.0 | 6.1 | 18.9 | .20 | .7 | 01-05-83 | 268.7 | 14.8 | 1.0 | 1.97 | 5.03 | 1081 |
| Skippers | SKIP | 10.00 | 9.50 | 10.00 | .75 | 8.11 | 10.00 | 4.25 | .74 | -.03 | 4.21 | -14.74 | .72 | -.01 F | -1.3 | 8.0 | 2.6 | 13.9 | .08 | .8 | 10-18-82 | 33.7 | 1.0 | 1.2 | 3.45 | 6.07 | 1281 |
| Sonesta Hotel | SNSTZ | 16.50 | 16.50 | 16.50 | .00 | .00 | 16.50 | 8.50 | .31 | -.28 | -2.68 | 9.62 | .94 | -.70 N | -40.2 | 39.0 | 1.4 | 15.9 | .20 | 1.2 | 06-25-82 | 145.0 | 2.1 | .9 | 27.74 | 10.01 | 1281 |
| So Hospitality | SHOS | 6.25 | 5.75 | 5.75 | .50 | 9.52 | 6.25 | 1.00 | 1.48 | -2.70 | -.07 | -10.66 | .14 | .19 S | NC | 23.0 | 2.5 | 30.3 | .10 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 4.50 | 4.25 | 4.25 | .38 | 9.68 | 4.50 | 2.50 | .90 | -.76 | 2.19 | -7.26 | .18 | .12 F | 200.0 | -28.0 | 1.4 | 23.6 | .00 | .0 | 05-17-79 | 56.5 | .3 | 1.2 | 4.60 | 2.60 | 0981 |
| Victoria Stations | VSTA | 8.63 | 7.25 | 7.75 | .88 | 12.73 | 11.00 | 5.00 | 1.09 | -3.16 | 5.52 | -18.04 | .35 | -1.07 N | -891.6 | -41.0 | 1.0 | NE | .00 | .0 | 09-19-79 | 123.4 | 1.2 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 16.00 | 13.00 | 15.63 | 1.63 | 11.61 | 16.75 | 8.16 | .05 | 2.95 | 2.61 | 9.71 | 1.01 | .10 N | 10.1 | 18.0 | 7.6 | 14.3 | .24 | 1.5 | 11-26-82 | 486.6 | 36.9 | .6 | 2.56 | 5.27 | 1281 |
| Webb Del E | WBB | 13.13 | 10.63 | 13.13 | 1.88 | 16.67 | 13.13 | 4.88 | .54 | 1.65 | 4.16 | 8.36 | .56 | .81 N | NE | -24.0 | 1.3 | 23.9 | .00 | .0 | 11-07-80 | 414.8 | 5.3 | 1.1 | 16.12 | 13.25 | 1281 |
| Winners Cp | WNER | 17.38 | 15.88 | 17.38 | 1.50 | 9.45 | 17.38 | 7.13 | .46 | 1.30 | 3.01 | -27.27 | .67 | .84 N | NC | 6.0 | 2.1 | 20.7 | .00 | .0 | 00-00-00 | 72.7 | 1.5 | .3 | 13.37 | 7.09 | 1281 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# 14% profit rise signals slowed growth for McD

OAK BROOK, Ill.—Despite relatively weak sales and earnings in the last three months of 1982, McDonald's Corp. ended the year reporting a 14% profit increase to $300.6 million on a 10% rise in revenue to $2.7 billion compared to 1981 results.

For the year, systemwide sales were $7.8 billion, a 10% increase over the $7.1 billion sales reported in 1981.

In the fourth quarter ended Dec. 31, profits rose 12% to $68.5 million on a 9% increase in revenues to $690.3 million and a 9% rise in sales to $1.9 billion compared to the year-earlier quarter.

However, profits in the fourth quarter were $18.3 million less than what they were in the third quarter ended Sept. 30, and $18.1 million less than they were in the second quarter ended June 30. In the first quarter of 1982, the company's weakest profits were $58.5 million.

The fourth quarter of 1982 was marked by a noticeable slump in customer counts at many food-service companies, particularly fast feeders. The same economic conditions that adversely affected the industry in general hit McDonald's as well.

Other factors that may have affected McDonald's fourth quarter performance were Burger King's aggressive comparative advertising in October and November, and a tainted meat scare in October that was linked by the consumer media to McDonald's.

Still, McDonald's earned $68.5 million in October, November and December. Company chairman Fred L. Turner said he is pleased with the year's results.

"Our company's result in 1982 was very good given the economic environment," Turner said. He noted that profit margins at company-owned restaurants improved in the fourth quarter to 16.3% of sales compared to 15.2% in the same quarter a year earlier.

McDonald's plans for the year include stepped-up expansion in France, Norway, Italy and Taiwan, where McDonald's is underrepresented; a new advertising campaign that emphasizes what a spokesman calls the "special relationship" that exists between the chain and its customers, and the opening of about 500 units worldwide.

McDonald's is testing a carryout pack of 20 Chicken McNuggets in several markets. McNuggets, the company's newest menu item, were rolled out in all domestic restaurants in 1982. Turner said they have "broad customer appeal" and provide incremental sales.

At year's end, McDonald's owned, operated and franchised 7,259 restaurants worldwide compared to 6,739 at the end of 1981. Nearly 200 units opened in the fourth quarter and 96 others were under construction on Dec. 31.

Of the total, 1,341 were in foreign countries, including 417 in Canada; 38 foreign units were under construction at year's end.

Foreign currency exchange rates adversely affected international division sales in 1982. Sales in foreign McDonald's restaurants reached $1.44 billion for the year, compared to $1.35 billion in 1981. In the fourth quarter, international division sales rose to $368.8 million compared to $351.5 million in the same quarter a year earlier.

McDonald's will continue to draw on its "unmatched" ability to identify new domestic and international markets this year, Turner said. The fast feeder plans to re-establish itself in France, for example, where its longtime franchisee closed 14 of his Paris area restaurants last fall.

McDonald's won a lawsuit in which it charged the Paris franchisee, Raymond Dayan, of failing to meet the company's sanitation and service standards.

In this country, McDonald's continues to open restaurants in nontraditional sites. It now operates or franchises units in a museum, a zoo, hospitals, schools and shopping centers, as well as its usual freestanding and storefront sites.

Earlier this month, McDonald's opened a company-owned restaurant at Camp Pendleton Marine base in California.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| ARA Services Inc. | 13 wks. | 12/31 | | | $743.003 | 6.4 | $ 13.800 | 2.2 |
| Naugles Inc. | 12 wks. | 1/13 | | | 19.374 | 67.9 | $525.837 | 69.0 |
| | 28 wks. | | | | 43.551 | 61.5 | 1.609 | 51.2 |
| Marriott Corp. | 16 wks. | 12/31 | $792.623 | 27.6 | | | 25.135 | 15.6 |
| | 12 mos. | | 2.541B | 27.0 | | | 94.342 | 9.5 |
| Pancho's Mex. Buffet | 13 wks. | 12/31 | | | 5.507 | 5.0 | $171,485 | 33.0 |
| People's | 3 mos. | 12/26 | 7.659 | 106.1 | 4.953 | 472.6 | $208,000 | 1.4 |
| | 6 mos. | | 15.307 | 138.8 | 9.568 | 537.8 | $489,000 | 33.9 |
| Chart House Inc. | 3 mos. | 12/31 | | | 97.676 | 7.0 | 5.637 | 5.8 |
| | 12 mos. | | | | 382.047 | 7.7 | 18.716 | 5.6 |
| Int'l Dairy Queen | 13 wks. | 11/30 | | | 19.644 | 9.1 | $879,442 | 24.1 |
| | 12 mos. | | | | 99.308 | 7.1 | 6.161 | 10.4 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Net profits rocket 150% at Southern Hospitality

NASHVILLE—Southern Hospitality Corp. said that profits for the second quarter, ended Nov. 30, increased to $222,676, nearly two-and-a-half times what they were during the comparable period in 1981.

Revenues for the quarter went up 38% to $6,765,311.

Profits for the six months ended Nov. 30 went up to $414,496, almost 150% over the comparable period of 1981.

Revenues for the six months were up 24% to $12,253,112.

The reasons for the sales and profit increases, the company said, were higher comparable store sales, the opening of three new Wendy's franchised units, and the purchase of 12 Mr. Gatti's Restaurants in middle Tennessee.

Southern Hospitality also said last month that it had purchased The Fishery and Oyster House, a Nashville restaurant, from Southern Fisheries Inc., for an undisclosed amount of cash.

Southern Fisheries was owned by R. Wayne Oldham, chairman of Southern Hospitality, and Henry R. Hillenmeyer, executive vice president. David McKenzie, marketing vice president, said the two executives sold that privately owned restaurant to the public company "in an effort to eliminate an additional conflict of interest." He said they were advised by tax officials to either sell it or put it in the public company.

The Fishery will be converted to an Ireland's. Southern Hospitality currently has three Ireland's operating. It also has two Tempo's restaurants, one of which just opened this month. In addition, the corporation franchises 22 Wendy's, with one under construction.

# Ryan's profits near $1M mark

GREENVILLE, S.C.—Ryan's Family Steak Houses reported net profits of $974,000 for the year ended Dec. 31, a 47% gain over 1981.

Revenues for the company which went public during the year were $9.8 million, a 22% increase over the year before.

Fourth-quarter net profits were $312,000 a 69% rise, and revenues were $2.8 million, a 45% climb over the same 1981 fourth quarter.

The company owns and operates 11 and franchises two Ryan's budget steak houses. Three of the 11 restaurants were opened in the fourth quarter. A 12th was due to open in March with five more to follow by September. Two more franchised units are expected to open this year also.

# Naugles reports 68% year-to-year gain

FULLERTON, Calif.—Naugles Inc., the rapidly growing 145-unit drive-thru chain, has reported a 68% year-to-year gain in second-quarter earnings on a 70% increase in revenues. For the 12 weeks ended Jan. 13 net income was $525,837 on sales of $19.3 million, compared to a $311,051 net on $11.5 million in sales for the like period last year.

For the 28 weeks ended Jan. 13 revenues increased 65% to $43.6 million from $27 million in last year's first half, while net income was $1.6 million vs. $1.25 million for the same period last year.

During the second quarter, Naugles opened 13 fast-food units, bringing its store total as of Jan. 13 to 144. Chairman Harold Butler reported the chain remains on target for its goal of 165 units by June 30.

At the end of the second quarter last year Naugles had 77 stores open. Butler indicated that in the first half of this fiscal year the company has opened 39 units, compared to last year's first half in which 13 restaurants were opened.

# Sandwich Chef net up 7%

BIRMINGHAM, Ala.—Sandwich Chef reported net profits for the second quarter ended Jan. 1 of $167,313, a 7% gain over the same period a year earlier.

Revenues for the second quarter rose 13% to $4.5 million compared to the previous year's period.

Six-month net profits were up 10% to $382,734 and revenues increased 16% to $9.2 million, compared to the year ago period.

The company operates 168 delicatessen-style sandwich shops in seven states. It blamed its weak second quarter on low office-building occupancy rates in Denver and Houston, but added that results would improve in the second half of the fiscal year.

During the second quarter the company opened seven new outlets, including its first Chicago unit and two units acquired in New Orleans. Six units were sold or closed. Hot-dog and potato bars have been rolled into eight shops.

# JB's posts 19% revenue growth in first quarter of fiscal '83

SALT LAKE CITY—JB's Restaurants Inc. reported that profits for the first quarter, ended Dec. 19, rose 18% over the comparable period last year to $386,006.

Revenues for the quarter increased 19% to $11,275,153.

Clark D. Jones, president and chief executive officer, stated that the record financial results were due to upgrading of the Big Boy Restaurant division, and increases in customer counts and the average check. He also noted that the company established a new sales record in November with two promotions: All-You-Can-Eat Shrimp and Steak, and a Halloween Coupon.

JB's opened two new Big Boy restaurants and reopened a remodeled restaurant during the quarter. It also reacquired three Big Boys in Omaha, after the purchaser defaulted. "We will upgrade these restaurants with our new menu items, salad and breakfast bars, charbroiler and minor decor adjustments," Jones stated.

**New this month:**

***Wall Street View***

**See page 10**

# Taco Via profits up 45%

POMPANO BEACH, Fla.—Taco Viva reported profits for the second quarter ended Nov. 30 up 45% to $147,000, compared to the same period in 1981.

Revenues for the quarter climbed 16% to $3,602,000.

For the six months ended Nov. 30, profits rose 78% to $201,000, compared to the year earlier period.

Revenues for six months were up 17% to $7,054,000.

Taco Viva owns 40 restaurants in Florida and two in Georgia. During this fiscal year, it opened eight new units.

# Vicorp earnings climb 44% in fiscal '82

DENVER—Vicorp Restaurants Inc. reported net income for the fiscal year ended Oct. 31 rose 44% over the previous fiscal year to $2,340,000.

Revenues in 1982 went up 22% to $51,156,000.

For the fourth quarter, net income increased 27% to $887,000, and revenues went up 32% to $16,741,000.

Increases were due to higher restaurant sales in company-operated units (up 27% to $40,326,000), and higher chainwide restaurant sales (up 14% to $133,470,000).

Vicorp operates 52 Village Inn Pancake House units and franchised 126 others. It also operates three other restaurants and franchises four others under different concepts. The company said profits and revenues "were not significantly impacted by the new concepts during 1982."

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J. Kennedy

- *2nd-tier chains gaining ground—Page 49*
- *Profile: Garcia's Tom Fleck—Page 97*

Nation's
# Restaurant News®
*The Newspaper of the Food Service Industry*

Vol. 17, No. 6 | Published every other Monday, 25 times a year, by Lebhar-Friedman Inc.; $2 a copy, $15 a year | March 14, 1983

# Burger King rallying under Brinker

**Under chairman and ceo Norman Brinker (inset), Burger King has reinstituted the Whaler sandwich chainwide. The Whaler is priced lower than Burger King's other specialty sandwiches.**

## *New ceo heads latest assault on McD*

**By Charles Bernstein**

MIAMI—Buoyed by an estimated 12% customer count surge in the last several months, Burger King is setting its sights firmly on overtaking McDonald's in comparative unit results within four years.

Sound familiar? It's the same theme that BK and Wendy's have been echoing for years without having closed much of McD's large gap.

But this time Norman Brinker—founder of Steak & Ale, driving force behind Bennigan's, inspiration for last fall's "The Whopper beat the Big Mac" strategy, and Burger King chairman and ceo for almost a year—is sounding the war cry.

With new slogans emphasizing BK as the "Home of the Winners" and a "Win Win" philosophy, Brinker sees no reason why his goals can't be achieved.

Annual per unit sales have jumped from $750,000 in the fiscal year ended last May to almost $800,000 for franchised units and $900,000 for company units. A scaled-down 65-seat prototype has been launched with a redesigned kitchen, initial investment costs cut $100,000 to only $600,000, far more takeout and drive-thru business envisioned, and a potential annual sales capacity of well over $1 million.

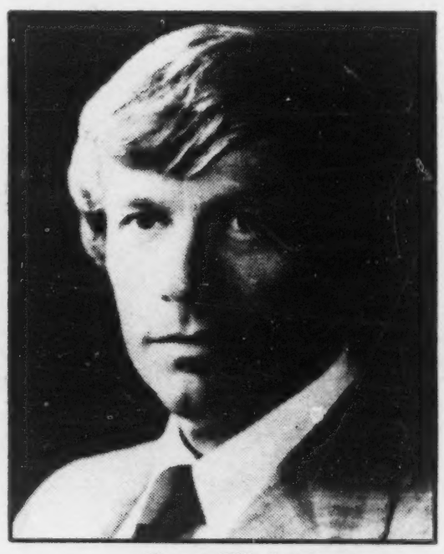
A salad bar, with all its inherent quality challenges, is being unveiled chainwide. And a Whaler fish filet sandwich is being pushed at $1.19 or $1.20 as a superior product and value to anything the competition can offer.

While the white chicken and ham & cheese sandwiches are being retained at about $1.75 and $1.65, respectively, BK is going back to its origins of "giving the best burger and the best burger value," declared Brinker. He is counting on the Whopper's $1.35 to $1.45 price and its known quality and the fact that "most all customers like it our way—broiled."

*(Continued on page 160)*

When going public falls flat . . .

# *Private ownership may be an answer*



**Sam Wyly**
*Bonanza International's principle stockholder*

**By Donald Frazier**

The decision to go private wasn't difficult for Sam Wyly.

As the principal shareholder of Bonanza International, the Dallas-based 630-unit budget steakhouse chain, he found that the costs of public ownership, especially the time and trouble of reporting, exceeded its benefits.

Buying out the minority shareholders, he reasoned, would allow him to maneuver the company's resources more effectively without sacrificing any financial advantages.

Tom Buckley, the company's executive vice president and chief financial officer, put it another way: "Mr. Wyly has been involved in this company for over 15 years, and during that time he has never received a return on his money."

In taking Bonanza private, however, Wyly is bucking the trend. Privately held food-service companies are going public at an increasing rate, prompted by tight money to seek expansion capital from the stock market.

But private ownership can also offer benefits, according to some of the companies which have retreated from the stock market and the analysts who observe them.

Valle's Family Steakhouse chain was taken private by officers last year and Cooky's Steak Pubs is contemplating going private. Observers point out that public ownership may not be for everyone.

They advise caution to those contemplating it, and imply that some of the operators who have gone public or plan to do so may be overestimating its potential for financing their operations.

"I don't see where the advantage lies in public ownership, unless you're planning very rapid expansion," said Roger Scwimmer, financial consultant for Los Angeles-based Pioneer Take-out,

*(Continued on page 160)*

# *Hungry Tiger to buy 12-unit Castagnola's*

LOS ANGELES—Hungry Tiger, the 36-unit seafood restaurant chain with sales last year of $58.9 million, has agreed to purchase the 12-unit Castagnola's Lobster House chain for more than $5 million cash.

Santa Barbara, Calif.-based Castagnola's had sales last year of about $18 million. The founder, president and principal shareholder of the privately owned company, Mario Castagnola, 76, began the chain 30 year ago as an offshoot of his family's wholesale seafood business, which was founded in the 1930's.

Hungry Tiger does not now plan to change the Lobster House operation, which employs 750 people, according to Hungry Tiger vp and chief financial officer Ida VanderPoorte. She said Castagnola, executive vp Thomas Headley, vp Alfieri Bulfone, and quality control manager Richard Headley would continue to work with the company's new owners on a consulting basis.

Seven of the 12 Castagnola's units are full-scale restaurants, including one Mexican operation in Santa Barbara. Those units each reportedly average about $2 million in annual sales. The company's other properties include coffee shops, a commissary and a retail fish store.

VanderPoorte characterized the merger as a natural dovetailing of operations, since both outfits specialize in fresh seafood, operate retail outlets, and are based in southern California.

In addition to 31 Hungry Tiger restaurants, the company also operates the Pavilion and Rehearsal Room restaurants at the Los Angeles Music Center, two Breakers Seafood Co. units, the Garden Tea Room restaurant at the J. Paul Getty Museum in Malibu, and the Hungry Tiger Fish Co. retail store adjacent to its commissary.

*Associated Hosts shifts gears*

# Kicks off conversions to casual themer

**By Ken Frydman**

BEVERLY HILLS, Calif.—Associated Hosts, suffering an earnings squeeze in its dinnerhouse and hotel operations, has decided to move ahead with conversions to a bar and cafe concept, Bombay Bicycle Club.

The BBC format has already replaced eight other company units in five states and nine more conversions will be finished within the next few months, top company officials said.

AH operates 82 restaurants and cocktail lounges in 26 states under such names as Chauncey's, Nelson's Landing, Julie's Place, The Wrangler, The Beef Rigger, Smuggler's Inn, Coffee Dan's and The Bombay Bicycle Club. There are 16 AH restaurants in California alone.

All eight BBC's which offer quiche, salad, soup, finger snacks, hamburgers, sandwiches, etc., opened within the last year. Since its inception, the Jacksonville, Fla., unit has been averaging $50,000 a week in sales, with bar sales 40% of that. The Houston, Tex., unit has been averaging $55,000 a week in sales, with beverages accounting for 45%. Both locations, which can seat 150, have been averaging about 4½ table turns per day.

BBC's, similar to Bennigan's and T.G.I. Friday's in its relaxed atmosphere and casual dining, costs approximately $250,000 to covert from another concept. A typical restaurant, located near a major thoroughfare or residential area, averages 9,000 sq. ft.

The company owns the Beverly Hillcrest Hotel in Los Angeles, leases another hotel and also manages two others.

BBC's are currently operat-

*(Continued on page 159)*

## LATE NEWSBREAKS

**ARA Services president Joseph Neubauer has been promoted to chief executive officer. The ceo title is being relinquished after many years by William S. Fishman, who remains board chairman.**

**McDonald's has agreed to buy the 55% it doesn't already own of its British franchisee, Golden Arches Restaurants. Golden Arches operates 101 McD restaurants, plans to open 32 more this year, and had 1982 sales of about $117 million.**

**Wendy's is rolling out a bacon cheeseburger backed by a $15 million ad campaign with the slogan "Wendy's is Makin' Bacon."**

**Sambo's would pay its debts by giving creditors ownership of the company under a reorganization plan it has filed to finally emerge from Chapter XI bankruptcy. Most all of Sambo's 617 restaurants are now Season's.**

*Blue-collar layoffs prompt strategy shift*

# Canteen intensifies push on white-collar sector

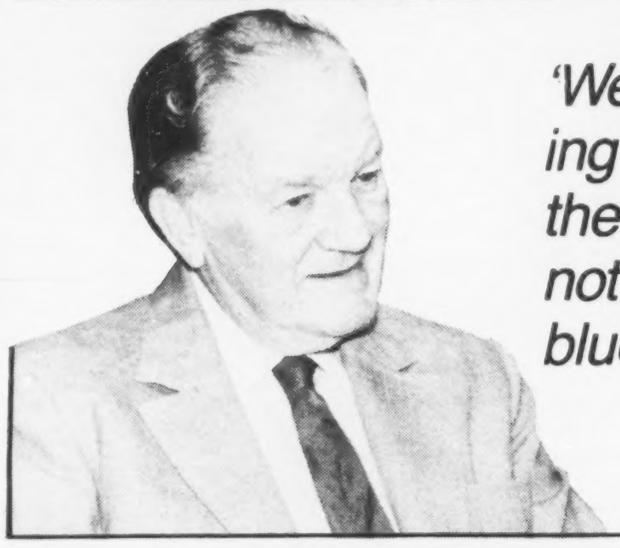
**By Ken Frydman**

SCHAUMBURG, Ill.—As the American workplace changes from a smokestack to a service economy, and the blue-collar employment force diminishes, contract feeders like the Canteen Corp., the nation's largest industrial food-service provider, have had to reorient and actively seek out new, expanding markets.

Canteen, owned by Trans World Corp., is making the difficult transition from the manufacturing to service sector by emphasizing its Gulliver's Deli breakfast and lunch concept, which caters to white-collar, office-building employees.

But the product line and service switchovers have not been easy for the giant food-vending company.

Although company profits increased in 1982, total revenues were down from $894 million to $760 million. Last year's pretax profits were $22.3 million and profit 3% of revenues.



*'We are restructuring and streamlining our operations to move toward the white-collar market, but we're not going to abandon the industrial blue-collar market.'*

**—James T. McGuire**
**Canteen Corp.**

The reason for Canteen's plummeting sales is simple: when major accounts like General Motors, Ford Motor Company, Caterpillar, and International Harvester began laying off blue-collar employees due to the recession, Canteen began to suffer a substantial service-sector earnings loss.

To compensate for the decrease in its blue-collar business, Canteen has naturally intensified its assault on white-collar contracts like the United Nations concession stands, giftshops, cafeterias and dining room (taken over one year ago from Trusthouse Forte), the ATT headquarters in New York, the New York Stock Exchange, and the NASA Space Center at Cape Canaveral in Florida.

In total, Canteen, which also provides exclusive food service at Yellowstone National Park, Yankee Stadium, Bradley University in Peoria, Ill., and the University of Kentucky football stadium, did $65 million worth of new business in 1982.

The flagship project in Canteen's market switch seems to be the brightly colored Gulliver's Deli, known as "The Giant Sandwich Maker." Canteen plans to expand its current 17-unit block by 15 a year until there are 100 Gulliver's locations nationwide.

Gulliver's Schaumburg site is located in the Schaumburg Corporate Center, which is filled to only 40% of capacity. The soup,

*(Continued on page 159)*

# Cautious optimism characterizes climate at '83 COEX conference

**By Charles Forman**

MIAMI BEACH—Optimism about the business climate was the official mood here last month at a meeting of some 600 food-service suppliers and 300 chain executives.

Four years of stagnation in the restaurant business are about over, the packers, brokers, manufacturers and operators were told at IFMA's COEX '83, the 10th annual Chain Operators Exchange meeting at the Fontainebleau Hilton.

"I am beginning to feel a growing sense of optimism," declared John Dankos, National Restaurant Association president and chairman, in one of the meeting's major addresses. "There should be more money in consumers pockets and a greater demand for meals away from home," Dankos said.

Some bad news, especially with regard to industrial production, cannot be understood when taken at face value, hinted George Rice, president of GDR/CREST, a firm which tracks eating out trends.

"Today's growth is technological," Rice said, "and cannot be measured in units per hour."

More important for the future, said Rice, is that in 1982 "inflation was stopped."

Admitting his prediction that recovery would start a year ago had fallen flat, economist Lawrence Chimerine, chairman, Chase Econometrics, told attendees that this time recovery was sure.

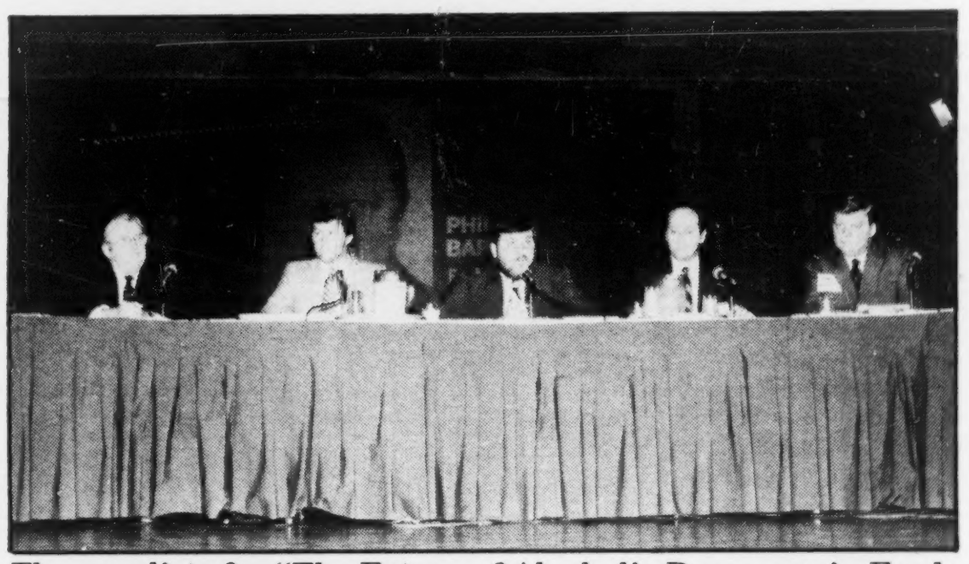
Chimerine said last year's expected economic comeback had been short-circuited by "heavy business cost cutting."

Chimerine predicted real GNP up 3.8% for this year's first quarter, consumer spending up 3.3% after inflation, and inflation itself tied down to 4% in 1983 and 5.4% in 1984.

Despite a host of declarations of better times coming, major program participants also devoted a good deal of time to documenting the downslide of 1978-82

Rice, who was a major organizer of the meeting for sponsor IFMA (International Foodservice Manufacturers Association), reported a new anal-

*(Continued on page 160)*



**The panelists for "The Future of Alcoholic Beverages in Foodservice" seminar are (l-r) Richard Jackson, president, Mr. Steak; Hal Smith, president, S&A Restaurant Corp.; Ron Magruder (session chairman), president, Casa Gallardo; Tom Russo, executive vp, Howard Johnson, Co., and Phil S. Barksdale, president, Perkins.**

# Jerrico and distributors charged in antitrust suit

**By Roman Czajkowsky**

LEXINGTON, Ky.—Jerrico Inc., its Long John Silver's seafood restaurant subsidiary, and three other companies are the target of an antitrust suit by two fish distributors who are also seeking $110 million in damages.

The suit, filed last December in Federal court in Florida, charges that Jerrico unreasonably restrained competition in the sale of cod, shrimp and other products, and violated antitrust laws by conspiring to monopolize the purchase of products for distribution to Long John Silver's franchisees.

Seagood Trading Corp. of St. Petersburg, Fla., and Falcon Food Service Co. of Diamondhead, are also suing Caribou Fisheries Inc. of Boston; Martin-Bower Co. of Des Plaines, Ill., and S&S Food Management Co. of Merritt Island, Fla.

Jerrico, which is headquartered in Lexington, Ky., has since filed a countersuit charging the two plaintiffs with injurious falsehood and seeking $6 million

Specifically, the litigants say Jerrico coerced its franchisees to buy products from the company, and that its standards for food specifications are so restrictive that they severely limit any potential competition. They also charge that Jerrico in effect monopolizes the fish market by controlling 85% of the available product specified by the company. Martin-Brower is charged with refusing to distribute Seagood and Falcon products.

According to an official with one of the two fish distributors, Seagood and Falcon together supply some products to about

*(Continued on page 160)*

*Industrywide alert sounded*

# NRA warns against energy audits

**By Richard Martin**

LAHAINA, Hawaii—An industrywide alert has been sounded by the National Restaurant Association warning against possible state and local adoption of new building codes requiring costly annual energy-usage audits in restaurants.

Such codes, already adopted in two states, would be based on a far-reaching energy conservation standard drafted, approved, and being promoted by a national mechanical engineers association.

The NRA's energy and technical services committee issued the warning at the NRA winter board meeting here, calling for all state restaurant associations to be on guard against proposed revision of codes to comply with Standard 100.6, approved last October by the American Society of Heating, Refrigerating and Air-conditioning Engineers (ASHRAE).

Consulting engineers hired by the NRA have estimated that audits conforming to the ASHRAE standard could cost operators as much as $2,000 per restaurant every year. Additionally, retrofits and modifications of electrical, plumbing and other utility systems would be mandatory under the standard if the costs of such changes were offset by estimated energy savings over a four-year period.

Hundreds of thousands of restaurants could be affected through nationwide compliance with the standards, raising annual utility costs for the average unit anywhere from 15% to 30%, according to NRA estimates.

Committee chairman Stanton Elliott cautioned NRA directors that ASHRAE had al-

*(Continued on page 159)*

## Borel Clarification

Jacques Borel is no longer associated with the company Jacques Borel International. Borel's picture appeared in *Nation's Restaurant News*, Feb. 14, with a story about the company's acquisition of the Seafood Broiler chain.

## HIGHLIGHTS IN THIS ISSUE

**6** Political action committees need an even greater commitment from the restaurant industry if it is to have a secure voice in Congress, notes *NRN* editor Charles Bernstein in an editorial.

**9** Determining the best investment opportunities within the restaurant industry is the topic of the second installment of Roger Lipton's Wall Street View, a new *NRN* column.

**19** At Between the Bread, Rikki Eisen's miscalculation has become an unplanned-for source of additional revenue.

**46** As confusion mounts, the IRS has added another twist to its labyrinthine tip reporting rules.

**89** Closing the door of the Water Club on Mimi Sheraton has opened another one: A door into a new age of restaurateur/critic animosity.

**113** It's been called a bona fide war, as Chicago restaurateurs armed with barbecued ribs battle for market supremacy.

**119** There's a real 'Queen of Soul Food' in Harlem. Just ask anyone who's eat en at Sylvia's.

**122** Character actor Harry Lewis never got his chance to play Hamlet, but today—along with wife Marilyn—he has 24 Hamlets (read that *Hamburger* Hamlets).

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3M regional insert, pages 104a and b.

Vol. 17, No. 6 March 14, 1983

# Bushnell opens Lion & Compass; tests adult entertainment chain

By Richard Martin

SUNNYVALE, Calif.—Here in the unofficial capital of Silicon Valley, hungry executives of high-tech companies would appreciate a really good restaurant, thought noted futurist Nolan Bushnell. So the co-founder of Atari and chairman of Pizza Time Theatre paused from his own high-tech endeavors to build them one.

Lion & Compass, the 220-seat, 7,000-sq.-ft. restaurant which Bushnell and his in-laws opened last year at a cost of about $2.5 million, is now on its way to first-year sales of about $1.8 million.

Combining a chic yet simple decor with antique English accents, the restaurant features a seminouvelle French menu, plus a few high-tech touches to make the local movers and shakers of the computer world feel right at home.

"There are probably more deals put together in Silicon Valley than Los Angeles these days," Bushnell says, "and I thought the valley needed its own 'Polo Lounge' as a place where people could get together and do business. Offhand, I can think of four new companies that got their start over lunch at Lion & Compass.

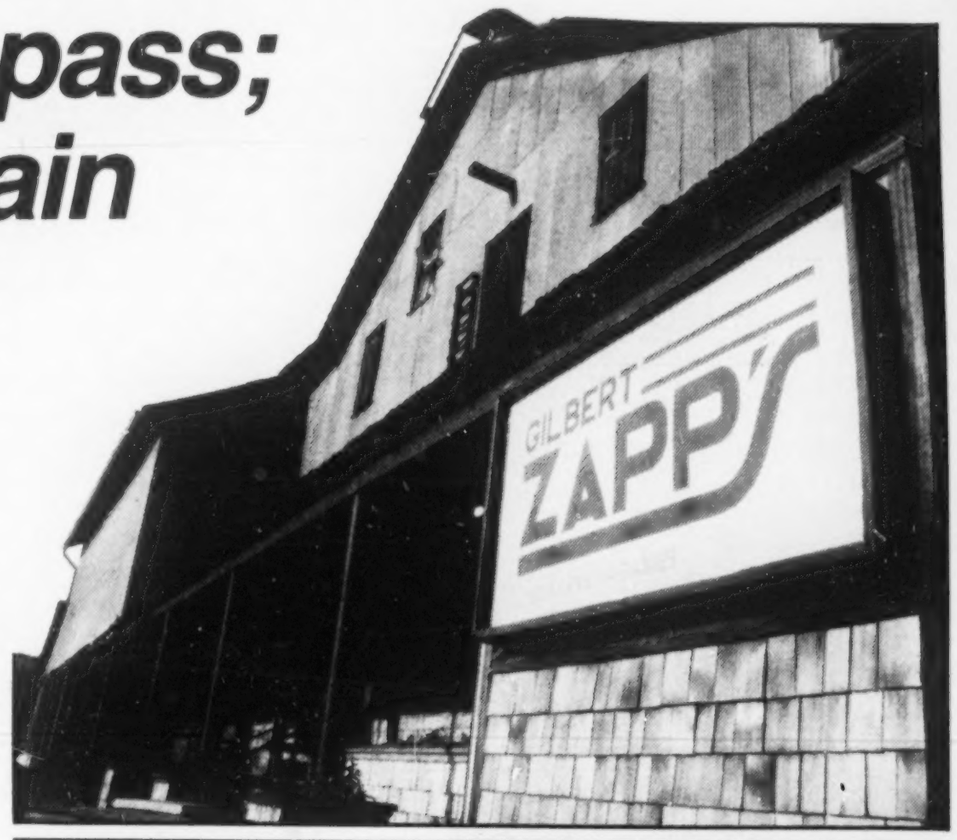
"Basically, though, it's a place where I like to eat, with the kinds of dishes I really enjoy," he says.

Dishes such as sautéed California veal with fresh tomato sauce and saffron risotto, or fresh poached Coho River salmon in a garlicky crème fraiche with sweet red pepper butter, are served under a skylit fabric canopy in the main dining room. In the next room, near the bar, stock quotations flash by on the wall, beside a "scoreboard" of local business-news items. Diners getting the urge to call their brokers, or anyone else, may do so easily, since all tables are equipped with telephone jacks.

And beneath the electronic stock ticker, in a darkened little alcove, is the slightly incongruous evidence of Bushnell's first love. Although not a common sight in stylish tablecloth restaurants like Lion & Compass, the electronic game pioneer has unobtrusively installed an arcade containing six of the latest coin-op video games.

"When Nolan comes in, the

(Continued on page 160)



Top: exterior of first Gilbert Zapp's prototype; above: bar area of Bushnell's Lion & Compass in Silicon Valley.

COMMODITIES

## Minor crop damage seen in heavy California rains

NRN Special Report

Heavy rains pelted California growing areas from late January to mid-February, but overall crop damage was slight. Probably largest loss was an estimated 5% of the avocado crop, and even that may be too pessimistic.

Greatest effort was on harvesting, particularly in the Salinas and San Joaquin areas, although workers had problems in the Imperial Valley as well. Although the crops were left in the fields beyond normal practice, lower temperatures accompanying the rains slowed ripening, so net result was a slowdown in marketing instead of a loss. Happening concurrently with the independent truckers' strike, some Midwestern and Eastern markets ran somewhat short of lettuce and broccoli, but the hiatus was short.

Rains also hit Florida shortly after the worst of the California downpours with the result that a good part of the specialty lettuce crops were damaged. However, planting of new fields is already under way and the shortages will be felt for only a short period.

**Citrus Outlook Good**

The rains in Florida were beneficial to the orange crop, which is up this year from last. U.S. Department of Agriculture estimates place the yield per box higher than last year, as well. The futures market was hit with a freeze scare in late February, but the temperatures in the citrus areas only dropped to the dangerous 28°F level for a short period—too briefly to cause any freezing damage. March 1 is generally considered to be the end of the freeze scare period; if the crop reaches that point, it is usually free from danger of cold temperature damage for the rest of the season.

There is currently a grapefruit juice surplus in Florida, with concentrate and canned juice packers considering promotional programs to move the product. There will also be strong promotions on fresh grapefruit from Florida, some possibly aimed at food-service operators.

**Beef Prices Flat**

The price of beef at the Midwest slaughterhouse has been flat most of last month. It has been as much as 6%-7% below year earlier levels. The reasons seem to be more cattle on feedlots, greater marketing of cattle during January and February—which has reduced the potential inventory—and generally decreased demand for beef and beef products. The demand situation is undoubtedly related to the recession.

Chicken, particularly broilers, on the other hand, have been reaching the market in increased quantities. Producers have stepped up production again this year, with prices staying

(Continued on page 159)

### PRICE MOVEMENT AT A GLANCE

| | Feb. 18, 1982 | Jan. 18, 1983 | Feb. 18, 1983 |
|---|---|---|---|
| Beef, Choice, 700-900 lb., Midwest (lb.) | $1.03 | $0.95 | $0.96 |
| Broilers, Grade A, Icepack NYC (lb.) | $0.5006 | $0.4574 | $0.4886 |
| Cocoa, African, NYC (metric ton) | $1,603 | $1,940 | $2,067 |
| Coffee, green, Brazilian, NYC (lb.) | $1.50 | $1.34 | $1.31 |
| Corn, No. 2 hard, Kansas City (bu.) | $2.395 | $2.315 | $2.67 |
| Eggs, Grade A, large white, Chicago (doz.) | $0.7165 | $0.585-0.59 | $0.645-0.65 |
| Hams, 17-20 lb., Midwest, (lb.) | $0.79 | $0.83 | $0.91 |
| Lettuce, Iceberg, Calif./Ariz. (24s) | $3.50-4.00 | $4.00-4.50 | $2.50-3.00 |
| Pork loins, Choice, 14-17 lb., Midwest (lb.) | $0.99 | $1.15 | $1.11 |
| Potatoes, round white, Maine (50 lb.) | $2.50 | $1.25-1.30 | $1.20-1.25 |

Source: NRN Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

## New employee meal tax scheme may boost food-service profits

By Ken Rankin

WASHINGTON—New Federal legislation to boost food-service industry sales by allowing businesses to deduct the cost of off-premises restaurant meals for employees has resurfaced on Capitol Hill.

The bill, introduced by Rep. Guy Vanger Jagt (R-Mich.), is identical to proposals advanced during the last two Congresses at the request of worldwide hospitality operator Jacques Borel International.

Borel, subsidiary of French-based diversified giant Novotel, recently got its first toe-hold in the United States with its acquisition of the Seafood Broiler chain.

The latest employee meal tax bill may generate strong support this time around, especially from Congressional Republicans anxious to "sooth restaurant industry feathers" ruffled by the passage of last year's controversial tip reporting law, one official at the House Ways and Means Committee predicted.

"Restaurants received some shabby treatment from Congress last summer on that tip business, and this bill could be a way for us to make up with the industry," the committee aide said.

Under the current tax rules, employers may tax deduct the cost of providing employees meals only when they are served on premises (e.g. in company cafeterias), and then only when they are provided for the benefit a convenience of the employer.

Under Vander Jagt's bill, these deductions would be extended to cover meals purchased for employees off-premises in commercial restaurants—a change economists predict would prove to be a tonic for recession-softened food-service industry sales.

Three years ago an economic study prepared for the National Restaurant Association estimated that the Jacques Borel plan would add some $750 million to the food-service industry's dollar volume annually and create between 28,000 and 42,000 new jobs in the nation's restaurants.

(Continued on page 159)

*Candidates named*

## Lee pegged for NRA presidency

LAHAINA, Hawaii—The National Restaurant Association's board of directors has nominated Joe Lee, president of the General Mills restaurant group, to succeed NRA president and chairman John Dankos when Dankos' one-year term expires on May 24.

Joe R. Lee

Lee, current NRA vice president, and a slate of candidates for the association's top elective posts will be formally voted on at NRA's spring board meeting in Chicago in May.

Harris Machus, current NRA treasurer and president of Machus Enterprises, Birmingham, Mich., was nominated to replace Lee as vice president. Ted Balestreri, president of Restaurants Central, Monterey, Calif., and current director representing NRA's region 12, was nominated to replace Machus as treasurer.

Nominated as new regular member directors to fill vacancies were Thomas Monaghan, president of Domino's Pizza, Ann Arbor, Mich.; W. W. "Biff" Naylor, president of Cindy's Restaurants, Los Angeles; Richard Marriott, corporate group vp of Marriott Corp., Washington, D.C.; Nancy Dini Sullivan, of Dini's Inc., Boston; William Munro, president of Pam Pam East Restaurants, San Francisco, and James Maynard, president of Golden Corral Corp., Raleigh, N.C.

Nominated for re-election as regional directors for three-year terms were Ella Brennan of Commander's Palace, New Orleans; Robert Clift of Banner Food Enterprises, Oklahoma City, Okla.; Jerry Goodwin, president of Reese Coffee Houses, Denver; John Kozlak of Kozlak's Royal Oak Restaurant, Shoreview, Minn., and William Ray Lackey, president of Lackey Enterprises, Statesville, N.C.

Nominated as directors-at-large for three-year terms were Kenneth Hill, president of Gilbert/Robinson Inc., Kansas City; Jack Laughery, ceo of Hardee's, Rocky Mount, N.C., and Jim Peterson, president and ceo of Whataburger, Corpus Christi, Tex.

Nominated for three-year terms as directors from states not otherwise represented were Roger Anderson of Robbie's Restaurant Inc., Great Falls, Mont.; Atlanta restaurateur Victor Impeciato and Ben Vidricksen.

The NRA's nominating committee, under chairman G. "Jim" Hasslocher, president of San Antonio-based Frontier Enterprises, hammered out the nominations at the NRA's winter board meeting here last month.

FINANCIAL NEWS

# Wendy's fiscal 1982 income swells 20% to $44 million

DUBLIN, Ohio—Wendy's International net income for 1982 rose 20% to $44 million over the prior year. Revenues increased 24% to $608 million, the hamburger chain based here reported.

Systemwide sales in 1982 totaled $1.63 billion, a 15% increase over 1981.

Also during the year, Wendy's improved profit margins in company-operated restaurants to 18.1% of sales from 16.7% in 1981, Robert L. Barney, chairman and chief executive officer, said. Barney attributed the higher margins to an emphasis on operating efficiencies and lowered beef costs.

In 1982, Wendy's added 221 restaurants to its system, including 75 company-operated stores. At year-end, a total of 2,430 Wendy's were operating worldwide, including 125 outside the United States. Wendy's 1983 expansion plans call for at least 250 stores, including the first Wendy's restaurants in Hong Kong, Singapore, Italy and Mexico, the company said.

In the last quarter of 1982, Wendy's net income rose 22% to $11.6 million over the prior year's comparable period. Revenues for the quarter were up 14% to $157 million. Systemwide sales totaled $416 million.

Barney also said Wendy's reduced its debt-to-equity ratio to 39% from 49% a year earlier.

At year-end, Wendy's also had 25 Sisters Chicken & Biscuits restaurants open. This year about 36 Sisters are slated to open, of which 27 would be franchisee-run.

# *ARA Services Inc. first quarter earnings advance 2%*

PHILADELPHIA—ARA Services Inc. reported a 2% increase in net earnings to $13.7 million for the three months ended Dec. 31, compared to the same period last year. Revenues increased 6% to $743 million.

William S. Fishman, ARA chairman and chief executive officer, called the figures "very encouraging."

First quarter results were ahead of expectations in all ARA sectors except food service, where domestic vending operations and airline-related services continue to be affected by the economy. With fewer planes flying and fewer passengers on each plane, the volume and number of accounts have decreased, a company spokesman said.

ARA is marketing its vending services by moving away from heavy manufacturing toward smaller light manufacturing and service-oriented companies.

Profits for the food-service sector were $12.5 million, down 11% from the previous year despite gains in school and hospital accounts. Income from international operations doubled

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Feb. 25 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | | | | | | Last Fiscal Year (Per Share) | | |
| | | | | | Change | | 52-Week | | | | | | Last Fiscal Year | | | | | Latest P/E Ratio | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Amt. | Pct. | High | Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | | Amt. | Pct. | | | | Amt. | Yield | | Revenue | Earnings | | | | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Aca Los A Res | ALAR | 7.13 | 6.63 | 7.13 | .13 | 1.79 | 7.88 | 3.75 | .76 | 1.19 | 1.55 | -21.75 | .05 | -.42 F | -89.3 | -16.0 | .3 | 142.5 | .00 | .0 | 01-06-81 | 27.7 | 1.2 | 2.4 | 5.69 | 2.90 | 1081 |
| Am Motor Inns | INN | 31.38 | 28.63 | 30.38 | 1.75 | 6.11 | 31.38 | 14.75 | .09 | .88 | -.75 | -23.97 | 2.10 | .45 Q | 25.4 | 29.0 | 7.0 | 13.7 | .25 | .8 | 12-26-82 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 40.38 | 36.13 | 40.00 | 3.13 | 8.47 | 40.38 | 23.50 | .15 | .93 | 3.78 | -10.80 | 3.43 | -.36 Q | -9.4 | -8.0 | 1.4 | 11.7 | 2.00 | 5.0 | 11-24-82 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 17.25 | 14.50 | 17.25 | 2.50 | 16.95 | 17.25 | 5.00 | 1.77 | .00 | 1.77 | -12.87 | .58 | -.21 Q | -28.0 | -17.0 | 2.2 | 31.9 | .12 | .7 | 12-06-82 | 78.6 | 1.7 | 1.6 | 6.60 | 7.58 | 0982 |
| Beefsteak Char | BCS | 9.75 | 7.88 | 8.50 | -.50 | -5.56 | 9.75 | 3.38 | 1.03 | -1.07 | 3.24 | 9.20 | .88 | .26 F | 41.9 | 34.0 | 3.6 | 9.7 | .00 | .0 | 00-00-00 | 86.2 | 2.1 | 1.2 | 1.49 | 3.09 | 1081 |
| Bob Evans Farms | BOBE | 29.00 | 27.00 | 28.00 | .75 | 2.75 | 29.06 | 14.66 | .38 | -1.11 | -3.53 | 25.60 | 1.09 | .06 S | 5.9 | 22.0 | 7.9 | 26.2 | .30 | 1.1 | 01-18-83 | 173.4 | 13.7 | 1.7 | .00 | 5.17 | 0482 |
| Bonanza Intl Inc | BNZA | 3.00 | 2.75 | 2.88 | -.13 | -4.17 | 3.75 | 1.25 | -.53 | .44 | -2.72 | -71.00 | -3.33 | -.69 N | NE | -62.0 | -61.8 | NE | .00 | .0 | 00-00-00 | 24.1 | -14.9 | 1.2 | 11.24 | 1.50 | 1281 |
| Brock Hotel Cp | BHC | 9.25 | 7.88 | 9.13 | .88 | 10.61 | 17.50 | 7.50 | -.36 | .32 | 2.38 | 9.59 | .59 | .30 N | 73.1 | 23.0 | 4.3 | 12.9 | .10 | 1.1 | 12-13-82 | 165.1 | 7.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 14.00 | 12.50 | 13.25 | -1.00 | -7.02 | 15.00 | 5.00 | .32 | -.97 | -5.28 | -4.76 | .74 | .50 N | 119.0 | 9.0 | 3.2 | 14.4 | .20 | 1.5 | 01-27-83 | 37.0 | 1.2 | .6 | 1.01 | 1.51 | 0282 |
| Captain Crabs | CRAB | 4.13 | 3.88 | 4.13 | .25 | 6.45 | 4.13 | 1.00 | 1.44 | -.38 | 2.23 | -19.95 | .00 | .00 F | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Develop | CRL | 9.38 | 8.38 | 9.13 | -.25 | -2.67 | 9.63 | 2.75 | .58 | .75 | -4.87 | 2.43 | .44 | .29 S | 70.7 | 21.0 | 1.9 | 13.0 | .07 | .8 | 02-02-83 | 68.6 | 1.3 | .6 | 6.55 | 4.00 | 0582 |
| Chart House | CHHO | 26.38 | 24.88 | 25.13 | .00 | .00 | 28.13 | 16.50 | .64 | -1.13 | -3.31 | 28.98 | 2.08 | .05 F | 2.4 | 13.0 | 4.9 | 12.1 | .60 | 2.4 | 12-27-82 | 353.9 | 17.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 25.25 | 24.00 | 25.25 | .63 | 2.54 | 26.88 | 8.16 | .00 | .13 | -4.11 | 7.12 | .37 | .18 S | 60.0 | 26.0 | 11.1 | 52.6 | .00 | .0 | 12-20-82 | 14.9 | 2.1 | 3.1 | .74 | .82 | 0481 |
| Ch Full O Nut | CHF | 14.75 | 13.63 | 13.88 | -.88 | -5.93 | 18.25 | 9.25 | -.19 | -1.14 | -.27 | -25.83 | .34 | -.23 Q | -38.3 | -13.0 | 1.4 | 37.5 | .40 | 2.9 | 12-09-82 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 35.50 | 33.00 | 35.25 | 1.50 | 4.44 | 40.75 | 25.00 | -.24 | 1.42 | 5.19 | 44.39 | 3.28 | -.24 F | -6.8 | 15.0 | 9.8 | 10.7 | 1.00 | 2.8 | 01-24-83 | 412.1 | 44.6 | 1.9 | 1.02 | 15.25 | 1281 |
| Cindys Inc | CNDYC | 3.25 | 3.13 | 3.25 | .00 | .00 | 3.88 | 2.63 | -.02 | -.10 | -1.70 | -23.19 | -.06 | 1.37 F | NE | NE | -.6 | NE | .00 | .0 | 00-00-00 | 17.0 | -.1 | .0 | 7.17 | .29 | 1281 |
| Collins Foods | CF | 20.50 | 18.25 | 19.75 | 1.38 | 7.48 | 22.63 | 8.72 | -.12 | 1.60 | -.60 | 24.76 | 1.69 | .50 S | 33.1 | 15.0 | 3.2 | 9.8 | .24 | 1.2 | 12-23-82 | 298.0 | 9.6 | 1.3 | 7.44 | 10.69 | 0482 |
| Consul Corp | CNSL | 14.00 | 13.00 | 14.00 | -.13 | -.89 | 14.13 | 5.25 | .30 | 1.41 | -1.30 | 29.83 | .00 | -.12 S | -70.5 | NE | .0 | 280.0 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 21.50 | 20.75 | 20.75 | .75 | 3.75 | 22.50 | 8.25 | .02 | -.44 | -4.21 | -25.36 | 1.03 | .05 Q | 4.6 | 19.0 | 3.7 | 18.4 | .00 | .0 | 00-00-00 | 35.4 | 1.3 | 1.9 | 5.35 | 6.69 | 0782 |
| Dennys Inc | DEN | 33.00 | 28.63 | 32.13 | 3.13 | 10.78 | 36.88 | 19.84 | .01 | 2.25 | .14 | 30.55 | 2.47 | .29 S | 12.7 | 9.0 | 3.9 | 12.5 | .64 | 2.0 | 03-04-83 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 21.13 | 17.00 | 21.13 | 4.13 | 24.26 | 21.13 | 7.41 | .48 | 1.99 | -.61 | 33.61 | 1.40 | .19 F | 15.7 | 19.0 | 9.4 | 15.1 | .24 | 1.1 | 02-07-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 16.75 | 14.63 | 16.75 | 1.38 | 8.94 | 16.75 | 7.09 | .72 | 1.79 | .13 | 36.03 | 1.80 | -.15 S | -8.7 | 14.0 | 3.8 | 10.7 | .40 | 2.4 | 11-29-82 | 101.0 | 3.8 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 20.00 | 18.38 | 19.63 | .25 | 1.29 | 20.63 | 9.63 | -.02 | -.46 | 1.21 | 51.35 | .65 | .65 F | NC | 121.0 | 14.9 | 30.2 | .00 | .0 | 00-00-00 | 33.8 | 5.4 | 2.0 | .76 | 1.01 | 1281 |
| Hamburg Hamlet | HAMB | 7.75 | 7.50 | 7.75 | .25 | 3.33 | 8.25 | 5.00 | .30 | .58 | -4.04 | 78.95 | 1.35 | .50 S | 81.9 | -8.0 | 3.2 | 7.0 | .00 | .0 | 00-00-00 | 31.6 | 1.0 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.38 | .88 | .88 | -.50 | -36.36 | 3.13 | .88 | -1.81 | -7.89 | 11.43 | 19.39 | -2.22 | -5.08 N | -336.8 | -63.0 | -11.4 | NE | .00 | .0 | 00-00-00 | 30.6 | -3.5 | 1.4 | 18.38 | 8.12 | 0981 |
| Hilton Hotels | HLT | 45.75 | 42.25 | 44.75 | 2.63 | 6.23 | 52.00 | 27.63 | .09 | -.45 | 2.31 | -24.40 | 3.12 | -1.10 F | -26.0 | 17.0 | 13.4 | 14.3 | 1.80 | 4.0 | 02-28-83 | 539.3 | 112.6 | 2.0 | 4.48 | 19.98 | 1281 |
| Holiday Inns | HIA | 38.00 | 35.00 | 37.00 | 1.00 | 2.78 | 40.25 | 23.75 | -.26 | -.31 | 2.08 | .28 | 2.50 | -.18 F | -6.7 | 13.0 | 6.8 | 14.8 | .80 | 2.2 | 12-13-82 | 1765.1 | 137.4 | .8 | 20.99 | 25.33 | 1281 |
| Holiday Inns A | HIA A | 54.00 | 54.00 | 54.00 | .00 | .00 | 59.00 | 38.38 | -.35 | -.41 | 4.94 | .00 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 29.00 | 26.13 | 26.63 | -1.38 | -4.91 | 29.00 | 9.53 | .67 | -2.69 | .95 | 3.79 | .95 | .05 N | 5.5 | 30.0 | 2.7 | 28.0 | .00 | .0 | 09-27-82 | 166.1 | 4.5 | 1.7 | 11.45 | 6.30 | 1281 |
| Hungry Tiger | HTIG | 12.25 | 10.00 | 11.63 | 1.63 | 16.25 | 12.25 | 4.00 | .56 | -1.37 | 1.88 | -33.84 | .78 | -.01 Q | -1.4 | 8.0 | 3.8 | 16.8 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 2.00 | 1.81 | 1.81 | -.19 | -9.38 | 2.06 | 1.50 | -.09 | -2.70 | -1.87 | -38.46 | .24 | .00 F | .0 | 2.0 | 2.0 | 7.6 | .14 | 7.7 | 09-28-82 | 8462.9 | 171.0 | 1.1 | .65 | 2.08 | 1081 |
| Intl Dairy Queen | INDQ | 30.00 | 26.50 | 27.00 | 1.25 | 4.85 | 30.00 | 9.50 | .54 | -3.46 | 3.93 | -1.18 | 2.17 | .45 F | 26.1 | 37.0 | 6.2 | 12.4 | .00 | .0 | 00-00-00 | 91.3 | 5.6 | 1.1 | 9.68 | 5.82 | 1181 |
| Int King Tab | IKNG | 14.75 | 12.63 | 14.75 | 1.13 | 8.26 | 14.75 | 1.75 | 1.44 | 2.34 | .80 | .83 | .33 | 1.00 S | NE | .0 | 1.4 | 22.7 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 12.38 | 11.63 | 12.38 | .75 | 6.45 | 12.50 | 4.25 | .19 | -.08 | -4.60 | -36.26 | .93 | .27 Q | 39.1 | 12.0 | 3.5 | 12.9 | .16 | 1.3 | 02-07-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 26.88 | 25.00 | 26.88 | 1.75 | 6.97 | 29.38 | 15.88 | .53 | .11 | -.32 | 76.10 | 1.75 | -.20 S | -10.8 | 22.0 | 5.1 | 16.4 | .12 | .4 | 11-05-82 | 425.5 | 21.8 | .9 | 3.64 | 11.24 | 0682 |
| Kapok Tr Inns | KTI | 5.63 | 5.38 | 5.38 | .00 | .00 | 5.63 | 3.00 | .77 | -1.28 | 1.05 | -33.82 | -.37 | -.21 Q | NE | -46.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 13.8 | -.4 | 3.1 | 1.93 | 5.84 | 0981 |
| Kelly-Johnston | KEJO | 19.75 | 18.75 | 19.00 | -.75 | -3.80 | 24.50 | 9.34 | -.43 | -.88 | -1.98 | 36.45 | .59 | .14 S | 30.4 | 106.0 | 8.4 | 31.7 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 22.50 | 20.19 | 22.00 | 1.81 | 8.98 | 22.50 | 7.31 | .71 | -.27 | 2.40 | 31.56 | 1.21 | 1.43 N | NC | 17.0 | 3.4 | 15.4 | .00 | .0 | 02-16-83 | 200.6 | 6.9 | 1.9 | 5.15 | 6.68 | 0182 |
| Lubys Cafe | LUB | 32.00 | 29.63 | 31.25 | 1.16 | 3.84 | 32.59 | 20.41 | -.14 | .78 | -.66 | 9.09 | 1.35 | .20 Q | 16.6 | 21.0 | 9.1 | 22.3 | .48 | 1.5 | 03-07-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0682 |
| Marcus Corp | MRCS | 11.25 | 10.88 | 11.13 | .25 | 2.30 | 11.38 | 5.38 | .27 | -.09 | -1.51 | -16.37 | 1.13 | -.09 S | -7.3 | 3.0 | 5.7 | 9.8 | .00 | .0 | 08-24-81 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 57.50 | 54.25 | 57.25 | 1.88 | 3.39 | 61.88 | 32.00 | -.17 | .13 | -1.60 | 7.34 | 3.44 | .24 F | 7.5 | 28.0 | 3.7 | 16.6 | .36 | .6 | 03-21-83 | 2000.3 | 86.1 | .9 | 23.23 | 16.12 | 1281 |
| McDonalds Cp | MCD | 67.38 | 59.75 | 65.50 | 4.50 | 7.38 | 67.38 | 39.69 | .31 | 1.72 | 1.55 | 5.54 | 5.00 | .64 F | 14.6 | 17.0 | 10.9 | 13.1 | .88 | 1.3 | 10-15-82 | 2477.2 | 264.8 | .5 | 15.35 | 22.73 | 1281 |
| Morrison Inc | MORR | 19.00 | 18.63 | 19.00 | .13 | .66 | 19.88 | 8.50 | -.05 | -.22 | -.01 | -20.80 | 1.16 | .33 S | 33.6 | 8.0 | 4.1 | 14.5 | .36 | 1.9 | 01-03-83 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 3.63 | 2.75 | 3.63 | .63 | 20.83 | 3.63 | 1.75 | 1.21 | 8.03 | 4.04 | 10.34 | -.98 | -1.20 F | -545.4 | -29.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 2.00 | 2.00 | 2.00 | .00 | .00 | 2.50 | .72 | -.92 | -.31 | -2.99 | 53.70 | .03 | .80 N | NE | NE | .6 | 20.0 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles | NAUG | 22.75 | 21.75 | 22.75 | 1.25 | 5.81 | 22.75 | 7.03 | .95 | .14 | 1.35 | 2.75 | .78 | .87 S | NC | 49.0 | 3.9 | 26.1 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 14.50 | 14.50 | 14.50 | .00 | .00 | 14.50 | 9.00 | -.10 | -.43 | 4.04 | .00 | 1.74 | -.83 N | -47.9 | 3.0 | 1.3 | 16.1 | .32 | 2.2 | 12-29-82 | 133.4 | 1.7 | .8 | 5.60 | 13.02 | 0981 |
| Orange-co | OJ | 5.38 | 5.00 | 5.00 | -.38 | -6.98 | 10.25 | 4.38 | -.08 | -1.36 | -.88 | 12.08 | -.25 | -1.69 Q | -156.4 | -26.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0682 |
| Peoples Rest | PEPL | 9.13 | 8.25 | 9.13 | .75 | 8.96 | 9.88 | 2.88 | .15 | 1.32 | -.14 | 19.86 | .19 | .18 S | NC | 78.0 | 13.8 | 50.7 | .00 | .0 | 00-00-00 | 5.8 | .8 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 17.63 | 17.00 | 17.63 | .75 | 4.44 | 18.13 | 13.50 | .55 | .15 | -1.37 | 1.33 | 1.39 | -.11 S | -7.8 | 12.0 | 5.9 | 13.6 | .56 | 3.2 | 12-09-82 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 9.88 | 8.13 | 9.50 | 1.13 | 13.43 | 9.88 | 4.50 | .47 | .31 | 1.44 | -51.34 | .50 | -.17 N | -27.4 | -8.0 | 1.0 | 21.1 | .00 | .0 | 00-00-00 | 133.5 | 1.4 | .9 | 12.94 | 6.65 | 1281 |
| Pizza Time Thea | CHKY | 19.25 | 16.25 | 19.25 | .50 | 2.67 | 32.50 | 14.25 | -.06 | 1.85 | 1.32 | -5.35 | 1.27 | .69 F | 118.9 | 41.0 | 7.6 | 15.2 | .00 | .0 | 00-00-00 | 36.2 | 2.6 | 3.2 | .81 | 7.87 | 1281 |
| Ponderosa Sys | PON | 20.13 | 17.25 | 19.88 | 2.13 | 11.97 | 20.13 | 8.00 | .28 | 1.62 | 2.42 | -29.64 | 1.34 | .66 N | 69.4 | -6.0 | 2.4 | 12.3 | .33 | 1.7 | 01-07-83 | 353.9 | 8.5 | 1.0 | 13.32 | 11.23 | 0282 |
| Ramada Inns | RAM | 7.25 | 6.25 | 7.00 | .63 | 9.80 | 7.25 | 4.25 | .40 | 1.78 | .33 | 38.43 | -.73 | -.77 F | -925.0 | -29.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 395.5 | 1.4 | .6 | 18.98 | 6.03 | 1281 |
| Restaur Assc | RA | 7.63 | 7.13 | 7.25 | -.25 | -3.33 | 7.63 | 3.25 | .48 | -.26 | -.04 | 23.19 | .97 | -.32 N | -32.6 | 42.0 | 2.4 | 11.0 | .00 | .0 | 00-00-00 | 99.2 | 2.4 | 1.3 | 3.17 | 6.38 | 1281 |
| Ryans Fam Steak | RYAN | 24.75 | 22.50 | 22.75 | -.50 | -2.15 | 24.75 | 6.16 | .68 | -2.26 | -5.16 | 43.08 | .65 | .65 F | NC | 75.0 | 10.2 | 35.0 | .00 | .0 | 01-20-83 | 7.9 | .7 | 1.6 | 1.08 | 1.16 | 1281 |
| Saga Corp | SGA | 43.75 | 41.00 | 43.50 | 2.00 | 4.82 | 44.50 | 20.25 | -.08 | .45 | -.07 | 1.85 | 3.35 | .78 S | 25.2 | 41.0 | 1.9 | 11.2 | .72 | 1.7 | 02-14-83 | 901.0 | 16.8 | .9 | 8.51 | 17.72 | 0682 |
| Sea Galley | SEAG | 8.00 | 7.63 | 8.00 | .13 | 1.59 | 10.63 | 5.50 | .02 | .00 | -3.20 | -18.62 | .02 | -.66 F | -97.0 | -11.0 | .1 | 400.0 | .00 | .0 | 06-02-81 | 49.0 | 2.2 | 1.8 | 2.38 | 4.99 | 1281 |
| Servico Inc | SRVI | 14.50 | 13.50 | 14.50 | 1.00 | 7.41 | 14.50 | 7.03 | .18 | 1.02 | -3.59 | 53.65 | 1.54 | -.82 N | -43.6 | 61.0 | 3.5 | 13.7 | .00 | .0 | 07-09-82 | 126.4 | 4.4 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 31.50 | 30.25 | 31.38 | 1.13 | 3.72 | 32.38 | 13.63 | -.11 | -.43 | -1.30 | -26.30 | 1.23 | .20 F | 19.4 | 21.0 | 5.3 | 25.5 | .20 | .6 | 01-05-83 | 268.7 | 14.8 | 1.0 | 1.97 | 5.03 | 1081 |
| Skippers | SKIP | 10.25 | 9.75 | 10.25 | .25 | 2.50 | 10.25 | 4.25 | .55 | .83 | .34 | -11.14 | .72 | -.01 F | -1.3 | 8.0 | 2.6 | 14.2 | .08 | .8 | 10-18-82 | 33.7 | 1.0 | 1.2 | 3.45 | 6.07 | 1281 |
| Sonesta Hotel | SNSTZ | 16.50 | 16.50 | 16.50 | .00 | .00 | 16.50 | 8.50 | -.03 | -.42 | -6.10 | -40.91 | .94 | -.70 N | -40.2 | 39.0 | 1.4 | 15.9 | .20 | 1.2 | 06-25-82 | 145.0 | 2.1 | .9 | 27.74 | 10.01 | 1281 |
| So Hospitality | SHOS | 6.00 | 5.75 | 6.00 | .25 | 4.35 | 6.25 | 1.00 | 1.01 | -.37 | -3.00 | 8.68 | .14 | .19 S | NC | 23.0 | 2.5 | 31.6 | .00 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 4.25 | 4.13 | 4.13 | -.13 | -2.94 | 4.50 | 2.50 | .60 | -1.27 | -.82 | -17.52 | .18 | .12 F | 200.0 | -28.0 | 1.4 | 22.9 | .00 | .0 | 05-17-79 | 56.5 | .3 | 1.2 | 4.60 | 2.60 | 0981 |
| Victoria Stations | VSTA | 8.38 | 7.88 | 8.25 | .50 | 6.45 | 11.00 | 5.00 | 1.08 | -.30 | -.43 | 12.01 | .35 | -1.07 N | -891.6 | -41.0 | 1.0 | NE | .00 | .0 | 09-19-79 | 123.4 | 1.2 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys-Intl | WEN | 16.13 | 14.75 | 15.75 | .13 | .80 | 16.75 | 8.16 | .28 | 1.18 | 2.34 | -2.41 | 1.13 | .12 F | 11.8 | 18.0 | 7.3 | 13.9 | .24 | 1.5 | 11-26-82 | 486.6 | 36.9 | .6 | 2.56 | 5.27 | 1281 |
| Webb Del E | WBB | 14.00 | 12.38 | 13.38 | .25 | 1.90 | 14.00 | 4.88 | .65 | 1.09 | .82 | 21.01 | .56 | .81 N | NE | -24.0 | 1.3 | 24.3 | .00 | .0 | 11-07-80 | 414.8 | 5.3 | 1.1 | 16.12 | 13.25 | 1281 |
| Winners Cp | WNER | 18.50 | 17.50 | 17.88 | .50 | 2.88 | 18.50 | 7.25 | .45 | -.85 | 1.87 | -23.50 | .67 | .84 N | NC | 6.0 | 2.1 | 21.3 | .00 | .0 | 00-00-00 | 72.7 | 1.5 | .3 | 13.37 | 7.09 | 1281 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# Food-service net gains 13% in fourth quarter

By Rurick Telberg

Food-service companies polished their stellar performance in the fourth quarter while lodging firms continued to suffer earnings setbacks, according to a survey of financial results.

Revenues and net profits both rose 13% in the food-service business, but lodging firms posted a 31% profits plunge while sales improved a bare 6% from 1981 to 1982, according to the survey.

*Nation's Restaurant News* compiled the financial results of 45 publicly held food-service and lodging corporations for their fiscal quarters ending in October, November or December, and compared their 1982 quarter with their 1981 quarter. Each firm's reports were then totaled to yield data by business segment.

Of eight lodging firms surveyed, five suffered setbacks and three reported advances in net earnings. Setbacks hit three of the biggest hotel chains.

Hilton's earnings slid 36% to $18.8 million on a sales falloff of 3% to $152 million. Holiday Inns posted a 17% profits slippage to $10.8 million while revenues edged upward 3% to $334.5 million. Ramada's net losses ballooned to $8.9 million from $1.2 million in the fourth quarter as sales advanced 19% to $126.9 million.

The food-service picture, however, was much brighter. Of the 37 companies surveyed, only seven posted profit declines while the other 30 reported gains.

Fast feeders lagged behind the rest of the food-service industry in advances. Twelve chains reported net gains and three reported setbacks, but overall net profits advanced 9% on a sales improvement of 8%.

McDonald's, which alone makes up about half the sales and earnings of the 15-firm segment, posted a 12% earnings gain to $68.5 million on a revenues gain of 9% to $690.3 million. Without McDonald's, which itself faltered in the fourth quarter, the remaining 14 chains would have totaled an unimpressive 4% net gain and an 8% sales gain.

Wendy's, however, surged in the fourth quarter with $11.6 million in profits, a 22% gain, and $156.9 in revenues, a 14% increase.

Jerrico's net slipped 10% to $4.7 million as sales edged upward 6% to $109.8 million. Church's net continued to weaken, slipping 12% to $12.7 million while sales rose a bare 3% to $131.6 million. Godfather's net climbed 18% to $2 million, but revenues declined 6% to $10.4 million.

Chart House, a Burger King franchisee; Collins, a Kentucky Fried Chicken franchisee; Dairy Queen, and Skipper's, a Pacific Coast fish chain, all showed modest gains for the fast feeders.

Dominated by the huge Denny's chain and a one-time gain at Shoney's, the coffee shop segment scored a 41% advance in net profits and a 17% increase in revenues.

Denny's net climbed 5% to $9 million on a 10% sales gain to $253.8 million. Shoney's net leaped 151% to $9.3 million and its revenues jumped 45% to 97.1 million, but much of that was inflated by a $4.6-million net gain from a stock swap linked to the R. J. Reynolds takeover of Heublein. Sambo's, which is in Chapter XI, had not released its fourth quarter figures when the survey was made in mid-February.

Making it on margins, Ponderosa scored a 62% profits gain to $3.4 million on a 10% sales rise to $91.8 million. Sizzler, recently spun off from Collins, more than doubled its net to $1.4 million while sales climbed 14% to $31.2 million. However, Victoria Station deepened its losses to $1.9 million from $186,000 last year and sales dwindled by 8% to $33.5 million.

Chi-Chi's and its biggest franchisee, Kelly-Johnston, both scored big in Mexican restaurants, but Sea Galley and Hungry Tiger both faltered in the seafood business.

Morrison dominated the cafeteria segment with its $4.6 million in net profits, a 24% advance, and its $103.9 million in revenues, a 17% gain.

Marriott, Saga, and ARA make up the powerhouse diversified food service companies. They combined for a 13% net gain and a 15% revenues gain.

## FOURTH QUARTER* SALES AND EARNINGS OF 45 FOOD-SERVICE AND LODGING FIRMS

(Fiscal period ended Oct.-Dec. 1982 compared to Oct.-Dec. 1981)

| Segment | Number of firms surveyed | Revenues: Oct.-Dec. 1982 (Millions) | Revenues: Per cent change from 1981 | Profits: Oct.-Dec. 1982 (Millions) | Profits: Per cent change from 1981 | Margins: Profits as per cent of sales Oct.-Dec. 1982 | Margins: Per cent change from 1981 |
|---|---|---|---|---|---|---|---|
| Fast Food | 15 | 1,377.2 | + 8 | 112.7 | + 9 | 8.2 | 0 |
| Diversified | 3 | 1,806.2 | +15 | 48.9 | +13 | 2.7 | 0 |
| Dinnerhouse | 10 | 253.8 | +17 | 6.0 | +15 | 2.4 | 0 |
| Coffee Shops | 5 | 407.5 | +17 | 20.2 | +41 | 5.0 | +22 |
| Cafeterias | 4 | 187.9 | +15 | 10.6 | +14 | 5.6 | − 2 |
| Food-Service Total | 37 | 4,032.6 | +13 | 198.4 | +13 | 4.9 | 0 |
| Lodging | 8 | 851.8 | 6 | 43.3 | −31 | 5.1 | −35 |
| Food-Service and Lodging Total | 45 | 4,884.4 | 12 | 241.7 | + 1 | 4.9 | −11 |

Source: Company reports

*Refers to calendar quarter, not necessarily firms' fiscal quarter

# Chart House net up 6% for year

LAFAYETTE, La.—Chart House Inc., a diversified restaurant company operating 378 Burger King units, the Luther's Bar-B-Que and three dinnerhouse chains, reported net profit rose 6% to $18.7 million for the year ending Dec. 31, 1982.

Total revenues rose 8% to $382 million for the year compared with 1981.

These results mark the first time since 1977 that Chart House has failed to exceed its previous year's profits by about 20%. A company spokesman, W. David Hanks, blamed "the effects of a severe recession on the economy and the company's operations."

Chart House has reported increases in profits and net income for the last 19 consecutive years.

During 1982 the company sold almost 1.5 million additional shares of stock, gaining $32 million which it used to reduce long-term debt.

A company spokesman said Chart House will continue to pursue "asset redeployment into growth-oriented concepts."

For Chart House, this probably means more conversions of Cork 'N Cleaver steakhouses into Cisco's Cafe Mexican-style dinnerhouses, and the shift of the Burger King division's resources from the recession-hit northern Illinois to Sunbelt markets such as the Houston area and Florida, and the aggressive development of the Luther's system.

As recently as a few months ago, Chart House president and chief executive officer William Hyde was listening to bids for the Burger King system, the chain's largest single franchisee. But last month the company decided instead to keep the division, which many in the company value as an important internal source of expansion capital.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Imasco Ltd. | 13 wks.<br>9 mos. | 12/31 | | | $700.037<br>2.075 | 18.00<br>24.50 | $ 48.462<br>126.642 | 28.4<br>28.3 |
| Ramada Inns Inc. | 12 mos.<br>13 wks. | 12/30 | | | 548.321<br>126.921 | 31.80<br>18.80 | (19.825)<br>(8.907) | |
| Associated Hosts | 13 wks. | 12/30 | | | 20.514 | 2.70 | $429,000 | (26.5) |
| Mr. Steak Inc. | 13 wks. | 12/26 | | | 7,406 | 2.40 | $ 43,000 | (57.8) |
| Church's Fried Chick. | 12 mos.<br>16 wks. | | | | 423.822<br>131.564 | 0.86<br>3.40 | 41.598<br>12.678 | (6.8)<br>(12.6) |
| Nathan's Famous | 13 wks.<br>39 wks. | 12/26 | | | 4.221<br>14.647 | 4.10<br>3.70 | ($ 66,944)<br>$841,302 | 42.9 |
| Kapok Tree Inns Corp. | 16 wks. | 1/16 | | | 2.761 | (7.70) | ($575,000) | |
| CFS Continental Inc. | 16 wks. | 1/22 | | | 347.810 | 10.50 | 4.117 | 6.6 |
| Wendy's Int'l | 13 wks.<br>12 mos. | 12/31 | | | 156.910<br>607.640 | 14.40<br>24.30 | 11.565<br>44.102 | 22.2<br>19.6 |
| Godfather's Pizza | 13 wks.<br>12 mos. | 1/2 | | | 20.439<br>40.234 | (5.70)<br>13.30 | 2.013<br>6.025 | 18.3 |

Source: *Company earnings reports*

*—loss in corresponding period*

**In millions*

*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Jerrico profit down 10% for second quarter

LEXINGTON, Ky.—Jerrico Inc., operator of 1,300 Long John Silver's seafood restaurants, said net income for the second quarter ended Dec. 31 declined 10% to $4.7 million from the prior year's $5.2 million. Revenues for the quarter rose 7%, to $110 million.

For the first half of fiscal 1983, net income was $10.4 million, compared to $11.7 million the year before. Revenues for the six months were up by 7%, to $226 million.

During the second quarter, average sales at company-operated units were $108,000, down 2% from the same quarter of the prior year. Average pretax earnings were $18,200 as compared to $21,000, the company said. On a real sales basis, sales declined by 5.8% during the quarter if average price increases of 4.2% are taken into account.

Jerrico said it would increase prices in 400 of its 756 company-operated stores starting Feb. 8. The move will result in a cumulative price increase of about 5% for the quarter, and should improve profit margins by 2%.

The company also announced a 5-for-4 stock split for shareholders of record Feb. 10.

# Luby's earnings off in 2nd quarter

SAN ANTONIO—Luby's Cafeterias officials expect to report slower earnings growth for the second quarter ending Feb. 28.

"The recession is finally coming to Texas," said president John Lahourcade. Chainwide traffic counts, he said, are down 1% to 3%, month-to-month, from last year.

In addition, six company-owned stores along the Mexican border are suffering 15% to 17% sales dips and 10% profit declines due to the devaluation of the peso.

"We'll have increased sales and earnings in the second quarter," he said, "but I don't think the sales gains or the profit gains will be as high as the first quarter."

Lahourcade, however, plans no drastic action for the 70-unit chain.

"We've never done any kind of special promotion," he said, "and I don't plan to start now. We're going to rely on the years of experience our cafeterias have to tighten controls.

"Texas trailed the rest of the country into the recession," he continued, "and I expect we'll trail it out, too."

In the first quarter ended Nov. 30, Luby's netted $3.2 million, a 23% gain, on sales of $34.1 million, a 13% increase, compared to the same period last year.

Get the perspective:

*Wall Street View*

See page 9

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- **Focus on Promotions—Page 31**
- **Special: Bar Management Supplement Inside**

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*The Newspaper of the Food Service Industry*

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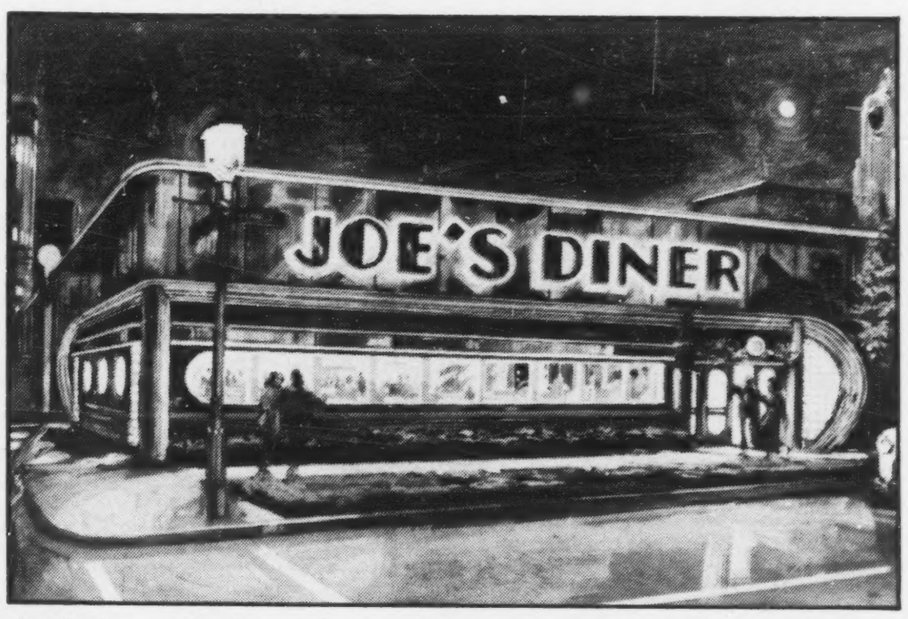



**Artist's rendering of prototype Joe's Diner. Ten units are planned for southern California by 1986.**

# New diner concepts reflect 1940's chic

**By Richard Martin**

LOS ANGELES—East Coast investors and West Coast restaurateurs are teaming up to develop an upscale chain restaurant concept for the Los Angeles market, featuring American cuisine and an art deco motif, in the style of diners of the 1940's.

Tentatively called Joe's Diner, the project has a target of 10 units by 1986—all in southern California—with the first expected to open by September in the affluent Brentwood district of West Los Angeles.

Site selection specialists working with the Joe's Diner development team told *Nation's Restaurant News* that major operators, including W. R. Grace and T.G.I. Friday, also have 40's-themed diner concepts in development or in test. Reportedly, T.G.I. Friday's concept, called Dalt's, is already operating in a few locations. Company officials in Dallas refused to comment on the Dalt's operation.

*(Continued on page 70)*

*Striking a precarious balance . . .*

# Incentive plans proliferate as managers' salaries soar

**By Richard Martin**

Although "Fraction-of-the-Action" may be dead and buried, its spirit lingers on.

Incentive plans providing restaurant managers with a "piece of the rock" exist throughout the industry, but today that "rock" is being continually chiseled and sculpted into new forms as companies move away from relinquishing equity, and try to strike a balance between labor cost containment, turnover and sales/profit enhancement.

Mindful of such bygone disasters as Sambo's "Fraction-of-the-Action" plan, and Friendly Ice Cream Corp.'s "owner/manager" concept, food-service outfits continue to devise attractive compensation packages which in some cases enable unit managers to earn upwards of $100,000 annually.

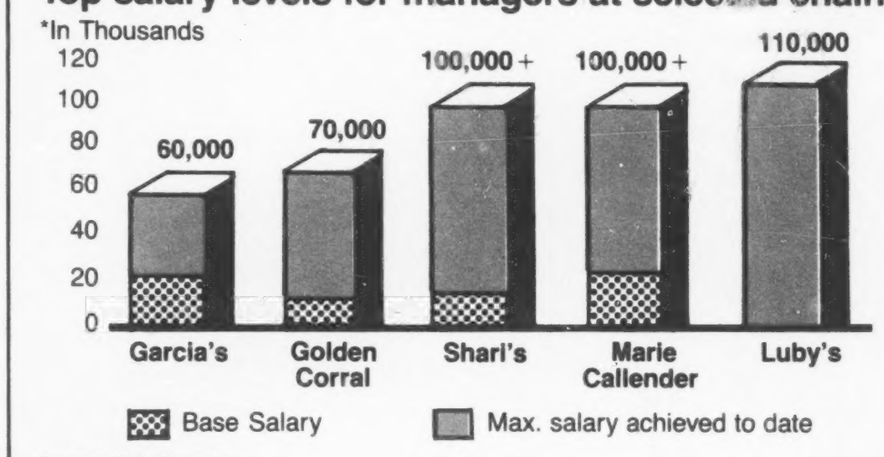
At chains such as Marie Callender, Luby's Cafeterias and Shari's coffee shops, managers can pull down paychecks in excess of $100,000 a year through strong incentives. At Golden Corral steakhouses, total compensation reaches $70,000 with a modified equity participation plan.

Expectations are that one way or another restaurant unit manager compensation is going to jump to new plateaus in the next few years, and many compare the situation to what has happened in professional sports over the last decade.

Indsutry watchers say that more companies are decentralizing their P&L responsibilities, directing many of those functions to unit managers as part of their bonus and incentive opportunities. But while management compensation begins to soar as competition for manpower heats up and the industry reacts to a dwindling human resource pool, analysts predict dire consequences for the little guys—the owner/operators.

One top executive for a major chain put it this way: "Owner/operators offer the kind of service and quality that is hard for any chain to match, but it's going to become increasingly tough for these operators to compete."

**Top salary levels for managers at selected chains**




Source: *NRN* Research

One of Chicago's top headhunters says: "This whole syndrome of escalating salaries and incentives may be great for the career manager, but it's going to kill the small operator who has thoughts of ever pulling back and attracting a good manager to take his place."

Examining the contents of a mixed bag of attitudes and philosophies toward management incentives reveals a great diversity of thought among those who must compete for manpower. Some company's plans seem to be virtual clones of "Fraction-of-the-Action," while others break entirely new ground. Where partnerships are created between a company and its managers, safeguards now seem to be firmly in place to short-circuit the kinds of conflicts and legal roadblocks that developed out of "real" equity-ownership arrangements of the past.

The Long Beach, Calif.-based Marie Callender chain pays its managers an average of

*(Continued on page 70)*

# Vicorp eyes acquisition of Pillsbury pie chain

**By Ken Frydman**

MINNEAPOLIS—Vicorp Restaurants Inc. of Denver has signed a letter of intent to acquire Pillsbury Co.'s Poppin Fresh Pies chain here.

Pillsbury's decision to sell 59 of its 69 company-owned and operated Poppin Fresh restaurants in six midwestern cities to Vicorp was based on a redefinition of overall business strategy, according to a Pillsbury spokesman.

"We wanted to start concentrating completely on our national concepts like Steak & Ale, Bennigan's and Burger King, not regional concepts like Poppin Fresh," said the spokesman.

He said that the sale was not prompted by Poppin Fresh's low profitability and limited marketability. "The total Poppin Fresh restaurant division was in the black. Vicorp just offered the right price at the right time," he said.

The Poppin Fresh unit, founded in 1969, had 1982 gross sales of $60 million, or $869,000 per unit, down 4% from 1981 sales.

Though terms of the sale were unavailable at presstime, Vicorp president Charles R. Frederickson said the company had agreed in principle to acquire the 59 family restaurant/coffee shops for cash and debt, and to close the deal by May 31. Pillsbury will retain 10 Poppin Fresh locations to sell to other parties, officials said.

Vicorp, which recently held its first public stock offering, has no plans to convert the Poppin Fresh units into its existing Village Inn Pancake House family restaurant/coffee shop concept.

Vicorp currently owns and operates about 62 restaurant properties, primarily in the Rocky Mountain and Midwestern states. The company posted net income for fiscal year 1982 of $2.3 million on revenue of $51.2 million. (See earlier Vicorp story, pg. 21.)

"We will continue to operate those 59 properties as restaurants that feature the same fine pies as always," said Frederickson.

Frederickson does foresee some cross benefits between Vicorp's Village Inns and new Poppin Fresh units. "The vast majority of Poppin Fresh restaurants are not open for breakfast, so we will add early a.m. Village Inn ideas.

"And we will definitely use Poppin Fresh pie recipes at the Village Inns."

Pillsbury will license Vicorp to use the Poppin Fresh Pie trademark, which includes the Pillsbury doughboy name, for 30 months. When the licensing agreement expires, Vicorp will have to develop a new trademark and name for the Poppin Fresh unit. Pillsbury will continue to market and merchandise Poppin Fresh food items in supermarkets.

"Pillsbury only wanted to sell certain Poppin Fresh properties, real estate and equipment. But we wanted the whole chain," said Frederickson.

## NRN *developing third employee attitude study*

NEW YORK—*Nation's Restaurant News* has launched its third restaurant-employee-attitude study, following up *NRN*'s 1978 and 1981 studies. Systems for Human Resources, Mill Valley, Calif., will again carry out the research study in the next few months under its president, William Rogin.

The latest developments in employee motivation, morale and their feelings about unions and their own companies will be explored with in-depth surveys of a wide cross-section of chains.

Operators interested in understanding the attitudes of their employees and how these attitudes compare with those at other companies in the food-service industry should contact SHR International this week at 655 Redwood Highway, Mill Valley, Calif. 94941, or phone 415-383-8280.

## LATE NEWSBREAKS

**Andre Gillet has been named president and chief operating officer of International Multifoods, the Minneapolis-based conglomerate that operates the Mister Donut chain. He succeeds Darrell M. Runke, who moves to vice chairman.**

**Ramada Inns reported a $19.8 million net loss for its fiscal year ended Dec. 30. In 1981 the company had a $30.5 million net loss. Revenues for fiscal 1982 surged 32% ahead of year-earlier figures to $548 million. Poor attendance at Nevada gaming markets in 1982 along with losses incurred at the Atlantic City Tropicana contributed to the 1982 loss, the company said.**

**The Chicago-based Gaslight Club group, operator of seven restaurants and nightclubs around the country with a reported 100,000 members, has filed for Chapter XI reorganization.**

# Neubauer succeeding Fishman as ceo at ARA

**By Susan Spedalle**

PHILADELPHIA—Joseph Neubauer, ARA president and chief operating officer for the last two years, has been named chief executive officer to succeed William S. Fishman, who says he will continue as the company's chairman for the next three years.

Neubauer, 41, who remains president, will continue to oversee all of the company's operations except for transportation and international business. Neubauer joined the company in 1979 as the executive vice president of finance and development and chief financial officer responsible for corporate finance, information systems and planning and development.

Fishman, who turned 67 in January, co-founded the 23-year-old company and says his "stepping over is part of a planned, orderly succession."

"It is time to make way for the modern, present generation," said the chairman who just signed a contract which will expire on his 70th birthday, the suggested retirement age for members of the ARA board.

Fishman's annual base salary will continue at $400,000 plus bonuses, benefits and consulting fees worth another $200,000 annually. Neubauer's new contract, which runs through 1984, stipulates a $300,000 salary plus bonuses, according to the company's proxy statement.

**Joseph Neubauer**

Fishman plans to work with Neubauer in a counseling capacity and will continue to oversee the international division, which employs over 12,000 people in 700 locations.

*'It is time to make way for the modern, present generation.'*

**—William S. Fishman**

"Now I'll be doing a lot more of the things that board chairmen are supposed to do," said Fishman. He cited long-term strategic planning as one example.

Neubauer says he does not anticipate any "radical or significant shifts in policy or direction," and will work with Fishman to continue the company's marketing, cost-cutting, and internal and external growth through acquisition. In recent months ARA has been shifting away from certain kinds of food service, such as on-site factory vending, which have been hard hit by the recession, toward a more service-oriented approach to smaller companies.

**William S. Fishman**

Before joining ARA, from 1971 to 1979, Neubauer held senior positions with PepsiCo Inc., which included vice president and treasurer of the parent company.

From 1955 to 1971 he was with the Chase Manhattan Bank serving as assistant treasurer and vice president of commercial lending. Neubauer is a graduate of Tufts University and received his M.B.A. from the University of Chicago.

The appointment of a chief executive officer at ARA has eluded a number of the company's top executives who finally

*(Continued on page 69)*

## Wide-ranging interests mark Neubauer's success

PHILADELPHIA—Joseph Neubauer says his interest in people is what led him to become a patron of the arts as well as a successful businessman. Just named chief executive officer for ARA Services, Neubauer says he has succeeded beyond his wildest dreams.

Although he works "a half day"—7 a.m. to 7 p.m.—Neubauer and his wife Antonia, who just earned her Ph.D. in secondary school administration, are avid supporters of local artistic organizations. In addition to serving on the board of the Philadelphia Chamber of Commerce and the University of Chicago's Graduate School of Business Council, Neubauer sits on the boards of the Philadelphia Orchestra and College of Art.

The low-key executive says he has learned "a lot" from co-founder William S. Fishman and has "a lot more" to learn from the 67-year-old chairman of the board. Fishman brought Neubauer into the $3 billion company and Fishman's "creative genius," says Neubauer, has always attracted the new ceo.

"I see myself as a builder of companies," says Neubauer, 41, and although his background is financial he says he has been "accused of creative management" along the way. His desire to help people grow is evidenced by his title as chairman of the board of INROADS/Philadelphia, an organization that sponsors minority development programs.

It was the opportunity for his own growth that attracted Neubauer to ARA in 1979 when he worked for PepsiCo. That and the "public nature of the private company," intrigued him.

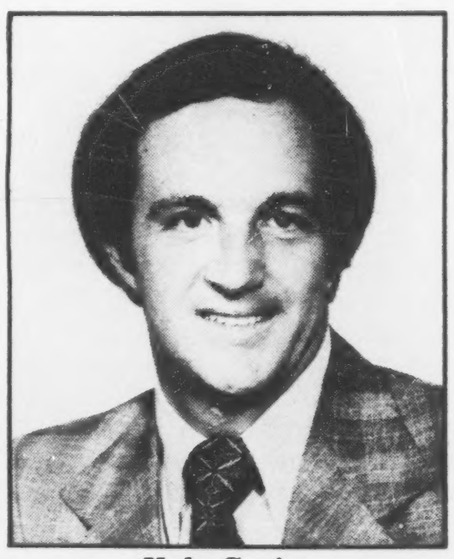
# *BK opens new 'battle of the burgers' offensive*

**By Joe Edwards**

NEW YORK—Burger King has decided to resume its controversial "battle of the burgers" ad campaign aimed at top rival McDonald's because a similar advertising campaign last fall was "successful beyond our wildest expectations," a Burger King executive says.

Kyle Craig, executive vice president of marketing for the No. 2 burger chain, cites figures showing significant per-unit sales gains at Burger King during the months when the first burger battle ads were aired.

In the new spots, Burger King repeats a claim made last fall that consumers by a three-to-one margin prefer broiled hamburgers to fried hamburgers.



**Kyle Craig**

Craig says Burger King hired an outside research firm to conduct the opinion polls last fall and prior to the start of the current ad campaign. In both cases, the ads made the claims without citing any data.

All three TV networks demanded to see the results of the polls before airing the ads, Craig says.

The current campaign is not expected to have the dramatic impact of the original "battle of the burgers" ads, Craig says. But the chain wants to continue to let customers know about what he calls "the Burger King advantages."

Designed by Burger King's ad agency, J. Walter Thompson of New York, the current campaign is split in two parts and will run for six to 13 weeks at an estimated cost of $10 million-$15 million. About 85% of total expenditures will go for TV spots.

The first ads in the latest campaign feature Burger King employees poking fun at McDonald's while revealing the results of the cooking method preference poll. Those ads ran for two weeks.

They are being followed by testimonials from fast-food customers who explain for the cameras why they prefer broiled burgers to fried.

Last fall's ad campaign made that point and included claims that customers preferred the taste of Burger King's Whopper to similar McDonald's and Wendy's burgers. McDonald's and Wendy's filed separate lawsuits charging Burger King with "false and misleading" advertising. Those suits were settled out of court; terms were not disclosed.

*(Continued on page 70)*

# Sambo's files reorganization plan to relieve Chapter 11 constraints

**By Richard Martin**

LOS ANGELES—Sambo's Restaurants Inc. could be operating without Federal bankruptcy-law constraints by mid-year, according to an attorney for the company's creditors committee, which must now decide whether to recommend acceptance of a formal reorganization plan giving unsecured creditors 58% of the restructured company.

Sambo's filed its long-awaited plan last month with the United States Bankruptcy Court here, which has been protecting the company from creditors and regulating its operations under Chapter XI of Federal bankruptcy law since Nov. 1981. Sambo's must still file a disclosure statement, expected by mid-April, providing additional details relating to the proposed reorganization.

Attorney J. Ronald Trost, counsel for the creditors committee, told *Nation's Restaurant News* the committee "cannot decide whether to recommend acceptance . . . until we see the disclosure statement.

"It'll take a lot of information that we don't have now," Trost said. He added that a recommendation to the court could come "very soon" after the company files its disclosure statement.

"If the creditors accept the plan and the other requirements of confirmation are met, the plan would be confiremd and Sambo's would be out of Chapter XI," Trost declared.

The plan calls for the issuance of 11.6 million new common shares to replace the shares now outstanding. Of the proposed new issue, Sambo's unsecured creditors would get a minimum of about 6.8 million shares, or about 58.6%, as well as $65.8 million in long-term unsecured promissory notes. Holders of the company's 12.8 million common shares now outstanding would receive about 1.4 million of the new shares, about 12%.

City Investing Corp.'s GDV Inc. subsidiary would be issued about 2.9 million shares, or about 25%, under previously announced terms of its $18-million loan agreements with the company. City Investing owns all of Sambo's preferred shares, which are convertible into common shares that would currently give it 34% of the company as now constituted.

Foothill Capital Corp., which

*(Continued on page 69)*

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# Incentive systems proliferate as salaries soar

(Continued from page 1)

$52,000 on a base salary of $25,000, but unit-level profit participation varies from 7.5% to 35% of net, resulting in the six-figure earnings for one manager at the high end of the scale.

"There's really no scientific formula here," says Darrell Burrage, Marie Callender's controller. "The particular percentage paid is more a function of where the unit is located and its potential volume." While some managers particpate in ownership of the mostly company-owned units, Burrage says that equity involvement is the exception, not the rule. However, "it is important that the manager feels he has a vested interest," Burrage says, indicating that company policy rewards managers who are able to function autonomously.

San Antonio-based Luby's, which reportedly has the highest level of management compensation in the industry, has taken a radical departure from the usual approach to compensation. Managers, who earned an average of $110,000 a year in 1981, receive no base salary, only a percentage of gross profits from their cafeterias. To arrive at full management status, Luby's personnel must first serve for five to six years at lower levels of management where they can, nonetheless, earn an average of $56,000 a year.

Four-year-old Shari's, which has grown rapidly to 26 units in the Pacific Northwest from its base in Portland, Ore., pays its managers 30% of their unit's net profits on top of a base salary of $18,000. Contributing to what can be six-figure incomes for managers is founder Ron Bergquist's equipment leaseback plan, wherein managers put up $60,000 to purchase about a third of the kitchen equipment for their unit, and get a $1,200 check each month on the equipment lease as long as they remain with the company, plus the depreciation on that equipment.

Bergquist, a Sambo's veteran, wanted his company to avoid any of the pitfalls which might have come from partnership arrangements that bore any similarity to "Fraction-of-the-Action." Thus, his plan calls for an investment in equipment, rather than a cash payment for an equity interest.

"Our deal with managers is strictly an arms-length arrangement," Bergquist says. "No proprietary rights as such are surrendered." Bergquist and other company chieftains fault Sambo's old plan for giving a true equity share to managers, who were then able to walk away, even manage a competing restaurant right across the street, and maintain a claim on the Sambo's unit's profits.

Bergquist believes that even calling a relationship with a manager a "partnership" invites legal problems from those who might want to split hairs over ongoing rights after parting with a company. He says that the equipment leaseback feature of his compensation package amounts to a 24% ROI to the managers. But, he says, "that was the price we were willing to pay to make sure there was a solid wall between management interests and proprietary rights in the company."

Other companies are not quite so concerned as Bergquist over nomenclature. Executives of Golden Corral Corp., the family steakhouse chain based in Raleigh, N.C., call their plan a "joint venture" and a "true partnership." At Golden Corral a manager pays the company $20,000 and gets the rights to 20% of his unit's profits. He may purchase an additional 5% for $5,000 after one year, and a like amount after the second year, for a total of 30%. Coupled with a $16,000 base salary, managers may earn as much as $70,000.

Currently, managers may borrow 90% of the partnership fee from Golden Corral, so that even if profits (and consequently a manager's ROI) are slim initially, they will not have relinquished a large cash investment for participation. Having learned the lesson from the defunct "Fraction-of-the-Action" debacle, Golden Corral has written very specific company-repurchase provisions into its nontransferable "partnership" contracts should either party choose to terminate.

"Actually, the inception of our first plan back in 1973 was very much like the origins of the 'Fraction-of-the-Action' plan," says James E. Maynard, Golden Corral president. "But we studied its major flaws. Sambo's problem was the fact that it was a public company which was also trying to sell partnerships," Maynard says. With Sambo's stockholders on one hand and its managers on the other, Sambo's "found itself trying to please two masters."

That situation did, indeed, prove to be untenable. In 1977 the Securities and Exchange Commission investigated Sambo's, focusing primarily on the company's treatment of joint venture sales as income. The S.E.C. concluded that if Sambo's continued, as it had, to buy back the interests sold to restaurant managers who later left the company, it could not treat the sales as income, but should instead book the receipts as deposits. This decision led to a change in policy which made additional increments in equity harder to come by and dramatically reduced the incentive for managers to stay with the company. All of this precipitated the disastrous management turnover rate which contributed heavily to Sambo's rapid decline in the late 70's.

The fact that Golden Corral is a private company makes its partnership arrangements decidedly different, Maynard says. "If we were a public company things would probably be very different—someone running a public company would have problems with a plan like ours.

"But the fact of the matter is that we have a highly motivated team, partly due to our commitment to make our partnerships work." Along with careful hiring practices, and proper training and supervision, Maynard gives the profit participation plan much of the credit for a management turnover rate which he estimates to be a low 18%.

Likening talented restaurant managers to professional basketball players, in terms of the value placed on their skills, Maynard says that an increasing scarcity of talent will soon change the rules of the food-service game. "Supply and demand is certainly at work in our industry," he says. "In the future, all of the well-run companies in this country are going to be offering substantially higher compensation to managers than they ever dreamed of."

In addition to facing potential legal constraints from deriving income from the sale of partnerships, publicly held companies have other obligations they msut heed in the area of management compensation. Says Thomas Fleck, chairman and ceo of the publicly held Garcia's of Scottsdale chain of Mexican restaurants: "You don't want to restrict the amount of money a manager can make, but you have to make money for your shareholders, too.

"Let's just say that highly skilled managers can be retained for somewhere in the range of $40,000 to $60,000. If you're paying them $100,000, your shareholders are going to want to know why."

Garcia's has a per cent-of-profit plan for its managers, based on goals set by regional managers.

A very definite trend away from compensation plans which approximate equity ownership is seen by Norm Habermann, president of the Carrow's restaurant chain based in Santa Barbara, Calif. Carrow's had been paying its managers a flat 20% of profits as a bonus, but has now converted 85% of its managers out of that program into one that ties bonuses into meeting quarterly sales and profit targets.

"Equity plans work fine as long as the profits are good," Haberman says, "but if a restaurant is not doing well you'll have a dissatisfied employee.

"You have to start by having a truely competitive base salary—something in the $22,000 to $25,000 range. With our new plan we have a greater degree of control over specific objectives by paying managers a bonus for meeting, and a bigger bonus for exceeding, given targets." The bonuses range from 20% of profits to as high as 40%, constituting what Habermann says is "a sufficiently meaningful carrot."

*'Highly skilled managers can be retained for $40,000 to $60,000. If you're paying them $100,000, your shareholders are going to want to know why."*

**—Thomas Fleck**

# 1940's-styling marks new diner concepts

(Continued from page 1)

Spokesmen for the Joe's Diner team characterized the concept as both "an upscale Hamburger Hamlet," and as positioned "above Velvet Turtle." Seeing itself as a response to the "over-ethnicization" of fine dining in the Los Angeles area, Joe's Diner will offer strictly American dishes, such as steaks, roasts, chops, seafood, chicken, prime ribs, stews "and other old-time American favorites." Preliminary estimates call for a food-only check average of $9 at lunch, and $15 at dinner.

A prototype design by a Los Angeles architectural firm employs stainless steel and glass, with neon highlights, in the restaurant's exterior. The 1940's look will be carried into the interiors with the use of art deco, brass and natural wood trim and fixtures. The store layout includes a full dining room, lounge, and dining car-style area. The developers expect per-unit development costs of about $2 million for the restaurants, each having from 6,000 to 8,000 sq. ft.

The principal financial backer of the project is family-operated Shea Enterprises, of Milford, Conn. Additional capital and operational expertise will come from California investors and restaurateurs, including an internationally known chef, who reportedly have solid track records in the chain dinnerhouse field. To minimize conflict in their pre-existing business involvements, identities of the West Coast partners were not disclosed, pending finalization of the lease agreement on the initial Brentwood unit.

Beyond the targeted September opening, the team's game plan calls for six more units to be in operation by the end of 1985, with another three to open the following year.

Other locations in the Los Angeles area regarded by the developers as compatible with the Joe's Diner concept are Santa Monica, West Hollywood, Beverly Hills and Westwood.

# BK breaks burger war armistice with new advertising offensive

(Continued from page 2)

Craig says he has no idea what McDonald's reaction will be this time around. "It's so hard to predict," he says, "but I don't expect them to like the ads."

The "battle of the burgers" became a media event last fall, especially after McDonald's and Wendy's sued Burger King. Craig says the free publicity was worth "millions of dollars."

There were other benefits as well. After adjustments for menu price increases, Burger King sales were up 10% in October, 5% in November, 9% in December, and 16% in January, according to tracking service *Restaurant Industry Trends*, Middletown, N.J. Craig says the figures are basically accurate although somewhat "understated."

Industry skeptics, however, note that Burger King's improved performance in October, November and December was partially due to the chain's very weak sales performance in the year-earlier period. Also, sales in January 1982 were adversely affected by extremely bad weather in many parts of the country.

And, it has been pointed out, Burger King's 10% adjusted sales gain in October 1982 over October 1981 was helped by a weekend two-for-one Whopper offer this past October that was heavily promoted on local and network TV.

Still, the "battle of the burgers" ads did have a favorable impact on sales. "We haven't seen numbers like this since . . . since never," Craig says.

In the same period Burger King was enjoying increased unit sales (October 1982 through January 1983), McDonald's unit sales were up 3%, 1%, 3% and 5% and Wendy's 6%, 1%, 2% and 2% respectively, after adjustments for menu price hikes.

Craig gave a preview of the new ad campaign earlier this month at J. Walter Thompson's New York offices. He invited business newspaper and magazine reporters to separate screenings and also was interviewed by the *Wall Street Journal*. He says he did not solicit publicity from the consumer press.

Burger King expects its franchisees to react favorably to the new ads. Last fall, Craig says, "there was tremendous franchisee reaction to the campaign and the direction we're going. We showed increased sales and new customers and that gets franchisees pretty damn excited."

The "broiling is better" ads were first shown on March 4 following a less ambitious advertising campaign in which Burger King touted the advantages of its resurrected Whaler fish sandwich over a similar McDonald's product. The humorous ad was done as a spoof of the film "Jaws" with a Whaler box gobbling up a McDonald's fish sandwich package.

Burger King, meanwhile, is exploring other strategies in its drive to catch McD. In an effort to locate new types of locations, executives say they soon hope to conclude an agreement with Woolworth to put BKs in at least a handful of Woolworth stores.

The fast feeder is already in 26 Greyhound terminals through a franchise agreement with Greyhound Food Management.

BK opened a unit at the Pearl Harbor Navy Exchange building last October which is setting an annual $2 million sales pace there. It has just won a bid to open a unit in a Coast Guard bowling alley at Governor's Island, New York City.

In a deal with Truck Stops of America as a franchisee, BK units are opening at Truck Stop locations in Nashville, Roanoke and Ontario, Calif.

BK has joined the college campus battle with a unit inside a dining hall at Triton College in River Grove, Ill.

Late-night drive-thrus and units strictly for takeout use are also being tried. A Whopper Express has opened on Beaver Street in the Wall Street district, with a full-menu carryout system.

"We're looking to use existing franchisees as experts to penetrate some of our new market areas such as turnpikes," explains BK institutional and franchise development director Tim Johnson.

FINANCIAL NEWS

# Sizzler gains help boost Collins' 3rd-quarter net income

LOS ANGELES—Collins Foods International has reported a 28% increase in net income for the third quarter ended Jan. 31, to $2.9 million on revenues of $76 million, compared to earnings of $2.2 million on sales of $73.4 million in last year's third quarter.

For the nine months ended Jan. 31, net income of $9.5 million was 30% higher than the $7.3 million reported for the comparable period in 1982. Nine-month revenues rose 11% to $246 million from $223 million last year.

Chairman and ceo James A. Collins said the company's 72% company-owned Sizzler family steakhouse subsidiary is developing new dining concepts, including the casual Lumber Camp restaurant in Houston, and a soul barbecue concept called Southside Barbeque Co. in Los Angeles.

"Our Sizzler subsidiary contributed a major portion of the increase in earnings," Collins said. "The continued strong performance of the restaurant chain reflects the continued favorable commodity prices, the increasing check average [to $6] and higher unit volumes."

Meanwhile, Sizzler Restaurants International Inc. president Thomas Gregory reported that earnings in the company were up 90% for its third quarter ended Jan. 31. Net income was $1,389,000 on revenues of $29,912,000, compared to a net of $732,000 on sales of $28,066,000 in the same period last year.

Sizzler's nine-month results showed net income up 119% to $4,210,000 vs. $1,922,000 in the same period last year. Revenues increased 16% to $96,164,000 from $83,258,000 for the first nine months a year ago.

Gregory reported that Sizzler paid an undisclosed amount to acquire eight of its units in the Chicago area from franchisees last December, seven of which are now company-operated and scheduled for remodeling. One unit remains franchised. The Sizzler president further announced final agreement has been reached with Gino's Inc. for the acquisition of 17 Rustler units, primarily in existing Sizzler markets, which will be converted to Sizzlers.

Collins said that financial results in the parent company's Australian Kentucky Fried Chicken subsidiary continued to be adversely affected by a substantial drop in the Australian currency exchange rate.

Domestic units offset the impact of the Australian setback with higher earnings over the prior year, despite a decrease in number of operating units, Collins said. That decrease came from the sale of Collins' KFC units in three market regions to KFC Corp. of Louisville, Ky.,

Collins also stated that the acquisition in January of Gusto Food Services Inc. of Salt Lake City for an undisclosed sum by the company's Collins Foodservice wholesale division would improve service to wholesale customers.

At the end of the third quarter Collins Foods operated 192 KFC stores and six Collins Foodservice distribution centers. Its Sizzler subsidiary operated 137 and licensed 302 units in 32 states and five countries outside the United States.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended March 11 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| | | | | | Change | | 52-Week | | | | | | Last Fiscal Year | | | | | Latest P/E Ratio | | | | | | | Long Term Debt | Common Stock Equity | |
| Name | Symbol | High | Low | Close | Amt. | Pct. | High | Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | | Amt. | Pct. | | | | Amt. | Yield | | Revenue | Earnings | | | | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Aca Los A Res | ALAR | 7.50 | 6.00 | 6.25 | -.88 | -12.28 | 7.88 | 3.75 | .41 | -.58 | .56 | -3.21 | .05 | -.09 Q | -42.8 | -29.0 | .3 | 52.1 | .00 | .0 | 01-06-81 | 27.7 | 1.2 | 2.4 | 5.69 | 2.90 | 1081 |
| Am Motor Inns | INN | 30.63 | 28.75 | 29.00 | -1.38 | -4.53 | 31.38 | 14.75 | -.11 | .31 | -3.38 | 12.92 | 2.10 | .45 S | 24.8 | 28.0 | 7.0 | 12.8 | .25 | .9 | 12-26-82 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 42.00 | 40.00 | 41.25 | 1.25 | 3.13 | 42.00 | 23.63 | .41 | -.05 | 1.02 | -77.78 | 3.43 | -.36 Q | -9.4 | -8.0 | 1.4 | 12.0 | 2.00 | 4.8 | 02-23-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 20.75 | 16.88 | 20.75 | 3.50 | 20.29 | 20.75 | 5.00 | 1.43 | 5.10 | -.49 | 16.40 | .58 | -.21 Q | -28.0 | -17.0 | 2.2 | 38.4 | .12 | .6 | 03-04-83 | 78.6 | 1.7 | 1.6 | 6.60 | 7.58 | 0982 |
| Beefsteak Char | BCS | 9.63 | 8.63 | 9.00 | .50 | 5.88 | 9.75 | 3.63 | .45 | .51 | -3.40 | 1.18 | .88 | .26 F | 41.9 | 34.0 | 3.6 | 10.2 | .00 | .0 | 00-00-00 | 86.2 | 2.1 | 1.2 | 1.49 | 3.09 | 1081 |
| Bob Evans Farms | BOBE | 28.00 | 27.00 | 27.25 | -.75 | -2.68 | 29.06 | 14.66 | .05 | -.41 | -.96 | 24.66 | 1.09 | -.03 N | -2.7 | 21.0 | 7.9 | 26.0 | .30 | 1.1 | 01-18-83 | 173.4 | 13.7 | 1.7 | .00 | 5.17 | 0482 |
| Bonanza Intl Inc | BNZA | 3.50 | 2.88 | 3.50 | .63 | 21.74 | 3.75 | 1.25 | -.07 | 2.18 | 3.59 | -11.03 | .11 | 3.44 F | NE | -55.0 | 2.3 | 31.8 | .00 | .0 | 00-00-00 | 24.1 | -14.9 | 1.2 | 11.24 | 1.50 | 1281 |
| Brock Hotel Cp | BHC | 10.25 | 8.88 | 9.25 | .13 | 1.37 | 17.50 | 7.50 | .20 | -1.11 | 1.72 | -6.38 | .39 | -.15 F | -27.7 | 11.0 | 2.0 | 23.7 | .10 | 1.1 | 12-13-82 | 165.1 | 7.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 14.25 | 13.25 | 13.75 | .50 | 3.77 | 15.00 | 5.00 | -.54 | -.29 | -5.46 | -43.02 | .74 | .50 N | 119.0 | 9.0 | 3.2 | 14.9 | .20 | 1.5 | 01-27-83 | 37.0 | 1.2 | .6 | 1.01 | 1.51 | 0282 |
| Captain Crabs | CRAB | 4.13 | 3.88 | 3.88 | -.25 | -6.06 | 4.13 | 1.00 | .20 | .08 | -4.90 | -23.14 | .00 | .00 F | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Develop | CRL | 10.88 | 9.63 | 10.25 | 1.13 | 12.33 | 10.88 | 3.09 | .56 | -.26 | 4.44 | -21.69 | .44 | .29 S | 70.7 | 21.0 | 1.9 | 14.6 | .07 | .7 | 02-02-83 | 68.6 | 1.3 | .6 | 6.55 | 4.00 | 0582 |
| Chart House | CHHO | 26.00 | 24.00 | 26.00 | .88 | 3.48 | 28.13 | 17.25 | .02 | 1.27 | -1.74 | -8.27 | 2.08 | .05 F | 2.4 | 13.0 | 4.9 | 12.5 | .60 | 2.3 | 12-27-82 | 353.9 | 17.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 25.50 | 23.13 | 23.38 | -1.88 | -7.43 | 26.88 | 8.28 | -.60 | -1.10 | -.22 | -5.37 | .37 | .18 S | 60.0 | 26.0 | 11.1 | 48.7 | .00 | .0 | 12-20-82 | 14.9 | 2.1 | 3.1 | .74 | .82 | 0481 |
| Ch Full O Nut | CHF | 19.88 | 13.75 | 18.25 | 4.38 | 31.53 | 19.88 | 9.25 | .60 | 1.40 | 12.70 | -12.98 | .34 | -.07 S | -14.5 | -11.0 | 1.4 | 44.5 | .40 | 2.2 | 12-09-82 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 37.13 | 34.88 | 36.88 | 1.63 | 4.61 | 40.75 | 25.00 | .10 | .37 | -.12 | 25.52 | 3.28 | -.24 F | -6.8 | 15.0 | 9.8 | 11.2 | 1.00 | 2.7 | 01-24-83 | 412.1 | 44.6 | 1.9 | 1.02 | 15.25 | 1281 |
| Cindys Inc | CNDYC | 3.38 | 3.25 | 3.38 | .13 | 3.85 | 3.88 | 2.63 | .17 | .19 | -.68 | -26.44 | -.06 | 1.37 F | NE | NE | -.6 | NE | .00 | .0 | 00-00-00 | 17.0 | -.1 | .0 | 7.17 | .29 | 1281 |
| Collins Foods | CF | 24.25 | 20.00 | 22.00 | 2.25 | 11.39 | 24.25 | 8.91 | .75 | -.65 | -1.48 | .95 | 1.69 | .53 N | 33.3 | 16.0 | 3.2 | 10.4 | .24 | 1.1 | 12-23-82 | 298.0 | 9.6 | 1.3 | 7.44 | 10.69 | 0482 |
| Consul Corp | CNSL | 14.13 | 13.38 | 13.38 | -.63 | -4.46 | 14.13 | 5.25 | .19 | -.67 | -3.69 | 20.92 | .00 | -.12 S | -70.5 | NE | .0 | 267.5 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 23.75 | 21.75 | 23.75 | 3.00 | 14.46 | 23.75 | 8.25 | .40 | .33 | 2.42 | -24.75 | 1.03 | .18 S | 17.8 | 19.0 | 3.7 | 20.0 | .00 | .0 | 00-00-00 | 35.4 | 1.3 | 1.9 | 5.35 | 6.69 | 0782 |
| Dennys Inc | DEN | 33.75 | 31.75 | 32.50 | .38 | 1.17 | 36.88 | 19.84 | .34 | .03 | -1.63 | -24.41 | 2.47 | .29 S | 12.7 | 9.0 | 3.9 | 12.7 | .64 | 2.0 | 03-04-83 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 20.75 | 19.88 | 20.50 | -.63 | -2.96 | 21.13 | 8.16 | .70 | 1.17 | 1.53 | -20.92 | 1.40 | .20 Q | 15.8 | 18.0 | 9.4 | 14.0 | .24 | 1.2 | 02-07-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 17.25 | 15.50 | 16.13 | -.63 | -3.73 | 17.25 | 7.22 | .16 | -1.11 | -2.22 | -14.29 | 1.80 | -.15 S | -8.7 | 14.0 | 3.8 | 10.3 | .40 | 2.5 | 03-29-83 | 101.0 | 3.8 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 19.75 | 17.63 | 18.00 | -1.63 | -8.28 | 20.63 | 9.63 | -.51 | -.58 | -2.00 | -21.45 | .65 | .65 F | NC | 121.0 | 14.9 | 27.7 | .00 | .0 | 00-00-00 | 33.8 | 5.4 | 2.0 | .76 | 1.01 | 1281 |
| Hamburg Hamlet | HAMB | 8.25 | 7.75 | 8.25 | .50 | 6.45 | 8.25 | 5.00 | .09 | 1.79 | 8.61 | -6.67 | 1.35 | .50 S | 81.9 | -8.0 | 3.2 | 7.4 | .00 | .0 | 00-00-00 | 31.6 | 1.0 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.13 | .88 | 1.13 | .25 | 28.57 | 3.13 | .88 | -2.05 | 2.41 | 5.90 | -34.33 | -2.22 | -5.08 N | -336.8 | -63.0 | -11.4 | NE | .00 | .0 | 00-00-00 | 30.6 | -3.5 | 1.4 | 18.38 | 8.12 | 0981 |
| Hilton Hotels | HLT | 47.00 | 43.25 | 44.13 | -.63 | -1.40 | 52.00 | 27.63 | .22 | -.27 | -3.22 | -.87 | 3.12 | -1.10 F | -26.0 | 17.0 | 13.4 | 14.1 | 1.80 | 4.1 | 02-28-83 | 539.3 | 112.6 | 2.0 | 4.48 | 19.98 | 1281 |
| Holiday Inns | HIA | 41.50 | 36.88 | 40.38 | 3.38 | 9.12 | 41.50 | 23.75 | .26 | .44 | -.29 | 3.79 | 2.50 | -.18 F | -6.7 | 13.0 | 6.8 | 16.2 | .84 | 2.1 | 03-14-83 | 1765.1 | 137.4 | .8 | 20.99 | 25.33 | 1281 |
| Holiday Inns A | HIA A | 58.50 | 58.50 | 58.50 | 4.50 | 8.33 | 59.00 | 38.38 | .11 | .23 | -3.49 | .00 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 28.25 | 26.50 | 27.38 | .75 | 2.82 | 29.00 | 9.53 | .12 | .17 | -6.29 | 38.08 | .95 | .05 N | 5.5 | 30.0 | 2.7 | 28.8 | .00 | .0 | 09-27-82 | 166.1 | 4.5 | 1.7 | 11.45 | 6.30 | 1281 |
| Hungry Tiger | HTIG | 11.75 | 10.25 | 10.25 | -1.38 | -11.83 | 12.25 | 4.00 | .36 | -3.31 | -1.67 | -10.68 | .78 | -.01 Q | -1.4 | 8.0 | 3.8 | 14.9 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 1.88 | 1.75 | 1.81 | .00 | .00 | 2.06 | 1.50 | -.72 | -.72 | -7.11 | 70.59 | .24 | .00 F | .0 | 2.0 | 2.0 | 7.6 | .14 | 7.7 | 09-28-82 | 8462.9 | 171.0 | 1.1 | .65 | 2.08 | 1081 |
| Intl Dairy Queen | INDQ | 28.00 | 27.00 | 28.00 | 1.00 | 3.70 | 30.00 | 9.75 | .33 | .69 | -.55 | -34.09 | 2.17 | .45 F | 26.1 | 37.0 | 6.3 | 12.9 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 15.63 | 14.63 | 14.75 | .00 | .00 | 15.63 | 1.75 | .94 | -.44 | -2.94 | 3.60 | .33 | 1.00 S | NE | .0 | 1.4 | 22.7 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 14.50 | 12.50 | 13.38 | 1.00 | 8.08 | 14.50 | 4.25 | .46 | -1.80 | 1.24 | -23.84 | .93 | .27 Q | 39.1 | 12.0 | 3.5 | 13.9 | .16 | 1.2 | 02-07-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 22.09 | 21.13 | 21.38 | -.13 | -.58 | 23.50 | 12.69 | .35 | -.06 | -4.37 | -4.73 | 1.40 | -.16 S | -10.8 | 22.0 | 5.1 | 16.3 | .12 | .6 | 03-04-83 | 425.5 | 21.8 | .9 | 2.91 | 8.99 | 0682 |
| Kapok Tr Inns | KTI | 5.38 | 5.13 | 5.13 | -.25 | -4.65 | 5.63 | 3.00 | -.03 | -.19 | -5.60 | -38.00 | -.37 | -.21 Q | NE | -46.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 15.13 | 12.88 | 14.75 | -4.25 | -22.37 | 24.50 | 9.34 | -1.48 | .35 | 3.18 | -2.06 | .59 | .26 N | 72.2 | 98.0 | 8.4 | 23.8 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 25.50 | 21.75 | 24.00 | 2.00 | 9.09 | 25.50 | 7.31 | .69 | 1.66 | 1.67 | 24.49 | 1.21 | 1.43 N | NC | 17.0 | 3.4 | 16.8 | .00 | .0 | 02-16-83 | 200.6 | 6.9 | 1.9 | 5.15 | 6.67 | 0182 |
| Lubys Cafe | LUB | 31.88 | 30.00 | 31.50 | .25 | .80 | 32.59 | 20.41 | -.03 | 1.55 | 4.25 | -48.45 | 1.35 | .20 Q | 16.6 | 21.0 | 9.1 | 22.5 | .48 | 1.5 | 03-07-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0882 |
| Marcus Corp | MRCS | 11.38 | 10.75 | 10.75 | -.38 | -3.37 | 11.38 | 5.38 | .07 | -.42 | -6.48 | -50.00 | 1.13 | -.09 S | -7.3 | 3.0 | 5.7 | 9.4 | .00 | .0 | 08-24-81 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 59.75 | 57.00 | 57.88 | .63 | 1.09 | 61.88 | 32.00 | .24 | .28 | -6.97 | -27.40 | 3.44 | .24 F | 7.5 | 28.0 | 3.7 | 16.8 | .36 | .6 | 03-21-83 | 2000.3 | 86.1 | .9 | 23.23 | 16.12 | 1281 |
| McDonalds Cp | MCD | 69.88 | 65.38 | 68.00 | 2.50 | 3.82 | 69.88 | 40.53 | .40 | .30 | -.23 | 13.55 | 5.00 | .64 F | 14.6 | 17.0 | 10.9 | 13.6 | .88 | 1.3 | 10-15-82 | 2477.2 | 264.8 | .5 | 15.35 | 22.73 | 1281 |
| Morrison Inc | MORR | 19.25 | 18.50 | 18.75 | -.25 | -1.32 | 19.88 | 8.63 | -.11 | -.18 | -.41 | -.33 | 1.16 | .33 S | 33.6 | 8.0 | 4.1 | 14.3 | .36 | 1.9 | 01-03-83 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 4.50 | 3.50 | 4.13 | .50 | 13.79 | 4.50 | 1.75 | 1.54 | 5.67 | 4.01 | 27.70 | -.98 | -1.24 Q | -539.1 | -41.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 2.00 | 2.00 | 2.00 | .00 | .00 | 2.50 | .72 | -.78 | .33 | -3.54 | 20.94 | .03 | .80 N | NE | NE | .6 | 20.0 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles | NAUG | 23.75 | 21.75 | 21.75 | -1.00 | -4.40 | 23.75 | 7.03 | .57 | -2.20 | -4.79 | -5.43 | .78 | .87 S | NC | 49.0 | 3.9 | 25.0 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 15.00 | 14.50 | 15.00 | .50 | 3.45 | 15.00 | 9.00 | -.09 | .22 | -4.87 | .00 | 1.74 | -.83 N | -47.9 | 3.0 | 1.3 | 16.7 | .32 | 2.1 | 12-29-82 | 133.4 | 1.7 | .8 | 5.60 | 13.02 | 0981 |
| Orange-co | OJ | 5.38 | 5.00 | 5.00 | .00 | .00 | 9.25 | 4.38 | -.22 | -.20 | 2.19 | -23.97 | -.25 | -1.69 Q | -156.4 | -26.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 9.50 | 8.25 | 8.38 | -.75 | -8.22 | 9.88 | 2.88 | .21 | .12 | -4.35 | -6.53 | .19 | .18 S | NC | 78.0 | 13.8 | 46.5 | .00 | .0 | 00-00-00 | 5.8 | .8 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 18.13 | 17.75 | 17.88 | .25 | 1.42 | 18.13 | 13.50 | .38 | -.05 | -5.05 | 33.54 | 1.39 | -.11 S | -7.8 | 12.0 | 5.9 | 13.8 | .56 | 3.1 | 03-09-83 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 9.63 | 8.25 | 9.50 | .00 | .00 | 9.88 | 4.50 | .32 | 2.37 | .80 | 43.81 | .50 | -.17 N | -27.4 | -8.0 | 1.0 | 21.1 | .00 | .0 | 00-00-00 | 133.5 | 1.4 | .9 | 12.94 | 6.65 | 1281 |
| Pizza Time Thea | CHKY | 19.00 | 18.25 | 18.75 | -.50 | -2.60 | 32.50 | 14.25 | -.34 | -.19 | -1.06 | .80 | 1.27 | .69 F | 118.9 | 41.0 | 7.6 | 14.8 | .00 | .0 | 00-00-00 | 36.2 | 2.6 | 3.2 | .81 | 7.87 | 1281 |
| Ponderosa Sys | PON | 21.25 | 19.13 | 19.25 | -.63 | -3.14 | 21.25 | 8.00 | .63 | -1.37 | -5.30 | -47.35 | 1.34 | .66 N | 69.4 | -6.0 | 2.4 | 12.0 | .33 | 1.7 | 03-04-83 | 353.9 | 8.5 | 1.0 | 13.32 | 11.23 | 0282 |
| Ramada Inns | RAM | 7.63 | 7.00 | 7.25 | .25 | 3.57 | 7.63 | 4.25 | .51 | .14 | -.14 | -10.14 | -.73 | -.77 F | -925.0 | -29.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 395.5 | 1.4 | .6 | 18.98 | 6.03 | 1281 |
| Restaur Assc | RA | 9.00 | 7.00 | 8.88 | 1.63 | 22.41 | 9.00 | 3.25 | .31 | 5.20 | 6.11 | 33.67 | .97 | -.32 N | -32.6 | 42.0 | 2.4 | 13.4 | .00 | .0 | 00-00-00 | 99.2 | 2.4 | 1.3 | 3.17 | 6.38 | 1281 |
| Ryans Fam Steak | RYAN | 29.50 | 23.25 | 29.50 | 6.75 | 29.67 | 29.50 | 6.16 | .68 | 3.57 | 1.27 | 24.49 | .65 | .65 F | NC | 75.0 | 10.2 | 45.4 | .00 | .0 | 01-20-83 | 7.9 | .7 | 1.6 | 1.08 | 1.16 | 1281 |
| Saga Corp | SGA | 46.50 | 43.13 | 45.88 | 2.38 | 5.46 | 46.50 | 20.25 | .12 | .35 | 5.75 | 63.61 | 3.35 | .78 S | 25.2 | 41.0 | 1.9 | 11.9 | .72 | 1.6 | 02-14-83 | 901.0 | 16.8 | .9 | 8.51 | 17.72 | 0682 |
| Sea Galley | SEAG | 8.88 | 8.00 | 8.63 | .63 | 7.81 | 10.63 | 5.50 | .20 | .42 | .99 | 22.78 | .02 | -.66 F | -97.0 | -11.0 | .1 | 431.3 | .00 | .0 | 06-02-81 | 49.0 | 2.2 | 1.8 | 2.38 | 4.99 | 1281 |
| Servico Inc | SRVI | 15.75 | 14.50 | 15.75 | 1.25 | 8.62 | 15.75 | 7.03 | .48 | .84 | 5.22 | -10.74 | 1.54 | -.82 N | -43.6 | 61.0 | 3.5 | 14.9 | .00 | .0 | 07-09-82 | 126.4 | 4.4 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 25.25 | 23.34 | 25.25 | 1.72 | 7.30 | 25.25 | 10.50 | .40 | 1.40 | -3.64 | 31.27 | .92 | .15 F | 19.4 | 21.0 | 5.3 | 27.4 | .15 | .6 | 03-11-83 | 268.7 | 14.8 | 1.0 | 1.48 | 3.77 | 1081 |
| Skippers | SKIP | 10.75 | 10.25 | 10.75 | .50 | 4.88 | 10.75 | 4.50 | .29 | .24 | -1.20 | 19.92 | .72 | -.01 F | -1.3 | 8.0 | 2.6 | 14.9 | .08 | .7 | 10-18-82 | 33.7 | 1.0 | 1.2 | 3.45 | 6.07 | 1281 |
| Sonesta Hotel | SNSTZ | 16.50 | 16.50 | 16.50 | .00 | .00 | 16.50 | 8.50 | -.21 | .22 | 1.25 | -27.33 | .94 | -.70 N | -40.2 | 39.0 | 1.4 | 15.9 | .20 | 1.2 | 06-25-82 | 145.0 | 2.1 | .9 | 27.74 | 10.01 | 1281 |
| So Hospitality | SHOS | 6.00 | 5.50 | 5.50 | -.50 | -8.33 | 6.25 | 1.13 | -.42 | .42 | -7.79 | -29.85 | .14 | .19 S | NC | 23.0 | 2.5 | 28.9 | .00 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 4.13 | 4.00 | 4.13 | .00 | .00 | 4.50 | 2.50 | -.46 | 1.13 | -3.19 | 20.45 | .18 | .12 F | 200.0 | -28.0 | 1.4 | 22.9 | .00 | .0 | 05-17-79 | 56.5 | .3 | 1.2 | 4.60 | 2.60 | 0981 |
| Victoria Stations | VSTA | 8.38 | 7.75 | 7.75 | -.50 | -6.06 | 11.00 | 5.00 | -.08 | -.87 | -7.59 | -12.89 | .35 | -1.07 N | -891.6 | -41.0 | 1.0 | NE | .00 | .0 | 09-19-79 | 123.4 | 1.2 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 18.00 | 15.38 | 17.25 | 1.50 | 9.52 | 18.00 | 8.84 | .65 | -.55 | 1.49 | -35.10 | 1.13 | .12 F | 11.8 | 18.0 | 7.3 | 15.3 | .24 | 1.4 | 02-22-83 | 486.6 | 36.9 | .6 | 2.56 | 5.27 | 1281 |
| Webb Del E | WBB | 13.88 | 12.63 | 13.88 | .50 | 3.74 | 14.00 | 5.00 | .50 | 1.92 | -.28 | 18.44 | -.11 | .47 F | NE | -25.0 | -.4 | NE | .00 | .0 | 11-07-80 | 414.8 | 5.3 | 1.1 | 16.12 | 13.25 | 1281 |
| Winners Cp | WNER | 14.13 | 12.66 | 14.13 | .72 | 5.36 | 14.13 | 5.44 | .25 | 3.03 | -.87 | 29.47 | .62 | .12 F | 24.0 | 7.0 | 2.6 | 22.8 | .00 | .0 | 03-10-83 | 72.7 | 1.5 | .3 | 10.03 | 5.32 | 1281 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# Holiday Inns profit drops 45% in 1982

MEMPHIS—Holiday Inns Inc. reported a 44.7% drop in net income to $75.9 million on a 5.4% rise in revenues to $1.4 billion for 1982 compared to the previous year.

In the fourth quarter ended Dec. 31, the hotel, restaurant and casino company reported a 17% drop in profits to $10.8 million on a 2.9% revenues increase to $334 million compared with 1981's fourth quarter.

Income from continuing operations for 1982 was down 1.5% to $97.2 million but up 92% to $9.9 million in the quarter. Holiday Inns sold Delta Steamship Lines Inc., a shipping subsidiary, on Dec. 22. Delta's operating results combined with the loss on its sale, resulted in a loss for the company of $21.2 million.

Michael Rose, president and chief executive, said decisions to hold price increases below the inflation rate, selling off some hotels and Perkins restaurants and other actions decreased margins but should help Holiday Inns' earnings and returns "over the long term."

Average occupancy at company-owned hotels was up slightly in the fourth quarter and was flat for the year compared with 1981 occupancy. Hotel Group operating income was off in the fourth quarter mainly due to room pricing strategy.

Operating income in the fourth quarter was up in the Gaming Group and Perkins Restaurants Inc. Rose said customers traffic at Perkins, a coffee shop chain, improved in the fourth quarter.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Winners Corp. | 3 mos.<br>12 mos. | 12/31 | $ 20.430<br>83.088 | 98.7<br>14.2 | | | $664,000<br>2.164 | 44.0<br>45.4 |
| Acapulco y Los Arcos | 13 wks.<br>12 mos. | 1/30<br>10/31 | 8.390<br>37.100 | | | | ($270,000) | |
| Garcia's of Scotts. | 13 wks.<br>12 mos. | 4th qtr.<br>1/2 | | | $ 6.457<br>25.668 | 41.8<br>119.6 | (1.406)<br>($838,000) | |
| Sea Galley Stores | 13 wks.<br>12 mos. | 12/31 | 18.439<br>70.085 | 43.8<br>43.0 | | | (1.374)<br>($358,000) | |
| Rob Evans Farms Inc. | 13 wks.<br>39 wks. | 1/28 | 48.653<br>141.740 | 3.5<br>8.2 | | | 3.761<br>10.448 | (6.6)<br>(3.8) |
| Brook Hotel Corp. | 13 wks.<br>12 mos. | 1/31 | | | 69.036<br>259.750 | 51.6<br>57.3 | (1.422)<br>7.146 | 1.2 |
| Chock Full o'Nuts | 13 wks.<br>6 mos. | 1/31 | 31.817<br>63.674 | 9.2<br>8.1 | | | 1.197<br>3.050 | 53.4<br>(26.1) |

Source: *Company earnings reports*

**In millions*

*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

## *Taco Viva earns $1.9M on first public stock sale*

POMPANO BEACH, Fla.—Taco Viva, operator of 44 Mexican-style fast-food restaurants in Florida and Georgia, has sold 440,000 shares of stock at $9 a share, the company's first public stock offering.

Nelson Futch, marketing vice president of the company, said the sale netted $1.9 million, which will be used for unit expansion.

Futch said Taco Viva plans to open 15 to 20 units this year, mostly in Florida. The company does not franchise.

Taco Viva stores are a mixture of mall, freestanding and in-line units. Many are in Florida malls with food courts.

For the six-month period ended Nov. 30, sales increased 17% over the previous year to more than $7 million. Net income rose 78% to 358,000.

Taco Viva is undertaking a new promotional campaign that emphasizes its food's low price, low number of calories and high nutritional value, Futch said. The slogan is: "Easy on the waistline as well as the wallet." The promotion begins this month with radio spots and point-of-sale materials. Television will be used later.

The restaurants offer fast-food items and dinnerplates such as the Super Sampler—taco, burrito, enchiladas, rice, beans and guacamole salad—for $3.75. The average ticket, including drinks, is $3.50.

# Garcia's records $838,000 loss

PHOENIX—Garcia's of Scottsdale Inc., operator of 18 family-style Mexican restaurants in 10 states, has secured a $20.5 million line of credit to fuel chain expansion. The agreement with First Interstate Bank of Arizona provides $19.5 million of interim financing for restaurant construction on a revolving basis and $1 million for general working capital purposes.

Finalization of the credit agreement followed within days the posting by Garcia's of results for the fiscal year ended Jan. 2, showing a net loss of $838,000 on revenues of $25,668,000. This compares to a net loss of $700,000 on revenues of $11,688,000 for the preceding year.

Thomas G. Fleck, chairman and ceo, noted operating losses for fiscal 1982 were actually $138,000—an 80% year-to-year improvement, since the net loss for 1982 included an extraordinary item of $700,000. That amount represents the establishment of a reserve fund during the fourth quarter to cover costs related to the closing of the company's Kansas City, Mo., restaurant.

In the fourth quarter Garcia's revenues were $6,457,000 and its net loss was $1,406,000, compared to revenues of $4,552,000 and net earnings of $94,000 for the closing quarter of 1981.

Fleck added the company's earnings performance has been affected by the depressed economy and startup costs for earlier chain expansion. During 1982 Garcia's grew from 10 to 16 units and signed a franchise agreement to build a restaurant in Anchorage, Alaska.

Since Jan. 2 the company has opened restaurants in Portland, Ore., and Puente Hills, Calif., near Los Angeles.

Four more units are now under construction for openings during the first half of the year in the Nashville, Tenn., Greenville, S.C., Cincinnati and Atlanta areas.

Fleck placed development costs for the average unit at about $2 million. Food cost averages currently are in the low 30% range; labor is in the low- to mid-20% range. The chain's continued expansion is an important factor in improving the company's earnings situation, Fleck said: "Obviously, with a broader base to reduce overhead as a percentage of sales our store margins will improve."

To coordinate continued growth Garcia's president and chief operating officer, Dennis B. Mullen, announced the promotion of real estate vp Wayne H. White to the position of group vice president with full responsibility for all phases of real estate, development and franchising. White had been with Victoria Station from 1974 to 1980, first as director of development and general counsel, and later as senior vp of development and general counsel.

Mullen said that by April 1 the company would consolidate its Oakland, Calif., office with Garcia's corporate headquarters in Phoenix, where White will establish his office. He also announced the promotion of Richard J. Peterson to the position of vice president of operations. Peterson had been a regional manager of the company. He takes over most of the duties of Richard B. Lipson, who resigned recently as executive vp of operations and as a company director.

# *Winners profit up 45% in '82*

NASHVILLE—Winners Corp. reported a 45% increase in net profit to $2.2 million for the year ended Dec. 31, compared to 1981.

Revenues gained 14% to $83.1 million from 1981 to 1982, the company said.

Winners operates the Mrs. Winner's chicken and biscuit fast-food chain and is a franchisee of Wendy's.

Fourth-quarter net profit rose 44% to $664,000 and revenues gained 6% to $20.4 million, compared to the 1981 three-month period.

In addition, the company completed its divestiture of 40 of its 46 southern California Wendy's units in February. Wendy's bought back 25 of the units.

The transfer, which included the outright sale of 33 units, was valued at $12.4 million, $8 million of which was cash that was re-invested in expansion of the Mrs. Winner's chain.

At year-end 1982, Winners operated 64 Mrs. Winner's, franchised four more to other operators, and operated 59 Wendy's. By comparison at the end of 1981, Winner's operated 49 Mrs. Winner's and 95 Wendy's.

# Hardee's reports 54% rise in third quarter profits

MONTREAL—Imasco Ltd. reported that its Rocky Mount, N.C.-based subsidiary, Hardee's Food Systems, increased operating profits by 54% to $20.2 million (Canadian) for the third quarter ended Dec. 31, compared to the same period in fiscal 1981.

Hardee's revenues increased 56% to $253.9 million from the 1981 quarter.

For the nine-month period, Hardee's operating profits rose 52% to $63.2 million and revenues advanced 58% to $770.5 million from the year-ago period.

Hardee's purchased the 700-unit Burger Chef chain of Indianapolis last year and now has about 2,100 units.

## Taco Viva net up 78%

POMPANO BEACH, Fla.—For the six months ended Nov. 30, Taco Viva, operator of 40 Mexican fast-food restaurants, reported profits up 78% to $358,000, compared to $201,000 in the year earlier period.

An article in *Nation's Restaurant News*, Feb. 28 inadvertently misstated these figures.

## *Kelly-Johnston earnings blossom 139% to $498,700 in third quarter*

OKLAHOMA CITY—Kelly-Johnston Enterprises Inc., a franchisee of Chi-Chi's Mexican-style dinnerhouses, reported a 139% increase in net earnings to $498,700 on a 178% jump in revenues to $11 million for the third quarter ended Dec. 31 compared to the year-earlier period.

The company operated 20 Chi-Chi's restaurants at the end of the 1982 calendar year, compared to seven units at the end of 1981.

Kelly-Johnston, the largest Chi-Chi's franchisee, also disclosed it had acquired franchise rights for Arizona and additional counties in Oregon, giving it exclusive development rights in that state.

Arthur M. Kelly, Kelly-Johnston president, said his firm's Atlanta restaurant has been sold to Chi-Chi's. Kelly-Johnston has franchise development rights in 11 states, mostly in the Sunbelt, and is building units in Fort Collins and Aurora, Colo., and Tallahassee, Fla.

# McD borrows $75M on Eurobond market

OAK BROOK, Ill.—McDonald's Corp. is borrowing $75 million on the Eurobond market at a single-digit interest rate thanks to a strong American dollar and low-interest rates in foreign credit markets.

"McDonald's has been carefully evaluating long-term interest rates both domestic and international and is pleased to commence 1983 financing with single-digit interest rates," said Jack M. Greenberg, executive vice president and chief financial officer.

The fast-feeder plans to use the proceeds to refinance corporate debt and to fund expansion. McDonald's plans to open about 500 restaurants around the world this year.

The notes, at an interest rate of 9.78%, are priced at par for a 10-year term and will be callable after the seventh year. They will be issued by McDonald's Finance Co. N.V., the company's wholly owned finance subsidiary, which will reloan proceeds to McDonald's subsidiaries and affiliates.

## *Houston feeder sees impressive 4-yr. sales gain*

NEW YORK—Texas Tumbleweed, a small Houston-based steakhouse chain, has been ranked as the 14th fastest-growing private company in America by Inc. magazine.

The 14-unit chain posted a 4,434% sales increase between 1977-1981 to $15 million, the publication reported.

Inc.'s recent roster of the 500 fastest growing private companies also included Golden Corral, the largest on its list in terms of sales. The Raleigh, N.C.-based steakhouse chain had 1981 sales of $108 million.

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**MILITARY FEEDING**

***Getting in step with the times—Pages 43-49***

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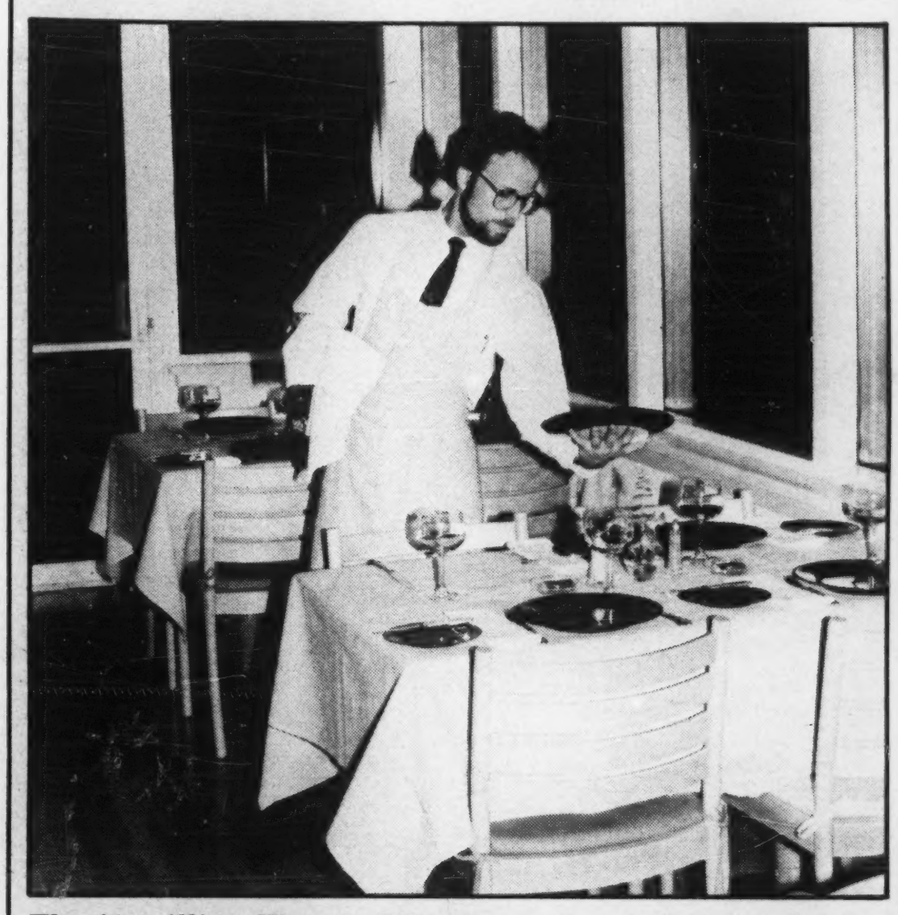

**The $3 million Water's Edge is constructed on two barges joined together. Floor-to-ceiling windows on three ends provide spectacular views of New York City.**

## *Water's Edge joins bustling competition along N.Y.C. waterfront*

**By Susan Spedalle**

NEW YORK—Once a novelty, the number of waterfront restaurants here is rapidly growing and new entrants into the market will face stiff competition from as many as four such operations by early next year.

These multilevel glass enclosed concepts offering a postcard view from every seat include the veteran River Cafe opened five years ago in Brooklyn with a view of Manhattan and the six-month-old Water Club facing Brooklyn, which are both owned by Larry Forgione.

This summer the South Street Seaport project will be the home of the Coho Restaurant and by early next year the neighboring Battery Park City complex will house the Eiffel Tower Restaurant with a view of the Statue of Liberty.

Neither the competition, nor the monumental regulatory hassles, were enough to stop entrepreneur Tom Quinn from opening The Water's Edge in Long Island City last month.

*(Continued on page 96)*

# Recession, unemployment squeeze family restaurants

## *Many turn to multiconcept strategies*

**By Joe Edwards**

Many family restaurant operators are struggling to come up with winning strategies to help them compete more effectively in their recession-ravaged segment.

A weak national economy, high unemployment, the Federal tip reporting law, and increased competition from fast feeders, especially at breakfast, have contributed to problems at many family restaurant chains.

Some of the largest operators in the highly fragmented segment—Sambo's, Howard Johnson, Perkins and International House of Pancakes—appear to be suffering the most. Even Denny's, the undisputed segment leader, with 1,150 units and a reputation for solid operations, saw real sales slip 2% in the last six months of 1982.

A growing number of food-service companies whose major industry stake to this point has been in the family restaurant/coffee shop segment have been forming multiconcept strategies to protect their companies from continuing downturns in the segment.

Among those chains that are diversifying are Shoney's, Vicorp Restaurants (Village Inn), J. B.'s Restaurants (Big Boy), Howard Johnson, Frontier Enterprises (Jim's Coffee Shops), and Truckstops of America (Country Pride).

Shoney's Inc., a consistent top performer in the family restaurant segment, has had a longstanding multiconcept strategy. In addition to its 146 Shoney's Big Boys, the company operates 11 Towne & Country coffee shops; a fast-food seafood chain called Capt. D.'s; Fifth Quarter dinnerhouses, and its newest addition, Famous Recipe Fried Chicken.

"If one concept is having problems, the others can pick up the slack," explains Gary Spoleta, Shoney's president.

*(Continued on page 12)*

# *Appeals Court backs restaurants on employee meal deductions*

**By Ken Rankin**

ATLANTA—The U.S. Court of Appeals shot down the Labor Department's controversial minimum wage law interpretation prohibiting restaurants from establishing mandatory employee meal credit programs.

Although the ruling establishes a potentially sweeping legal safeguard for restaurant operators throughout the country, the decision represents a particularly significant victory for a pair of Southeastern food-service chains.

Both Morrison and Davis Brothers Cafeterias had been ordered by Labor Department wage and hour enforcers to pay huge, retroactive back-wage settlements to thousands of minimum wage workers who were not given the option of accepting cash in lieu of meals.

In reversing a pair of district court decisions against the chains, the three-judge appeals court panel ruled that the Labor Department has no legal basis for requiring restaurants to offer employees a choice between meals or their cash equivalent.

The ruling appears to resolve a legal controversy between food-service operators and Federal wage-hour enforcers that has been simmering since Carter Administration officials issued a "social" interpretation of the Federal meal credit law.

The Fair Labor Standards Act allows restaurants to deduct the "reasonable cost" of meals served to employees from their wages. These meal deductions or "credits" are legal under F.L.S.A. even if they reduce the worker's hourly earnings below the Federal minimum wage level, as long as meals are "customarily furnished'" to employees by the company.

In the late 1970's, however, the Labor Department changed those ground rules without warning through a new regulatory interpretation of the law under which restaurateurs were prohibited from claiming meal credits unless workers are given the option of accepting cash instead of food.

The unannounced enforcement change caught hundreds of food-service operators by surprise, and many restaurants whose meal credit programs were challenged by the department were forced to make massive backpay settlements to workers.

*(Continued on page 96)*

# Falling gas prices raise industry hopes

**By Roman Czajkowsky**

A sustained decline in gasoline prices coupled with OPEC's recent decision to reduce official crude oil prices, is likely to strengthen restaurants' profit margins, heighten investors' interest in restaurant stock, and pump some new vigor into the anemic summer tourism business.

These are some of the views of several restaurant industry observers, who recently publicly prognosticated about the gas price trend's effect on the restaurant business. But opinions differ on whether lowered gas prices would significantly impact overall restaurant sales.

In Baton Rouge, La., Ken Roberts, a fisheries economist, said cheaper gasoline for automobiles might stimulate the restaurant trade by getting people to drive more frequently to their favorite restaurants. At the same time, cheaper diesel fuel might somewhat reduce the cost of, for example, harvesting shrimp and therefore its price. According to Roberts, about 80% of the shrimp consumed in the United States is consumed in restaurants.

On the other hand, Michael Culp, a securities analyst with Prudential-Bache of New York, feels lower gas prices should not have any noticeable impact on restaurant traffic, particularly at fast feeders.

While conceding that a break in gas prices below $1 could lead to somewhat greater opportunities to eat out, "the exodus by most leading chains off the tollways over the past decade has reduced their dependence on auto usage, effectively limiting any gain to be had from an increase in the number of Sunday afternoon drives," Culp wrote in an advisory to restaurant stock investors.

Restaurant industry sales, in fact, appear to be "much more heavily influenced by the availability of gasoline" than its price, Culp added. In his view, long lines at the gas pump would be more damaging to restaurants than merely higher gas prices. But there's been plenty of gas available in recent years, so restaurant industry sales should not be "meaningfully" affected.

*(Continued on page 96)*

## LATE NEWSBREAKS

**McDonald's has removed McChicken sandwiches from menus in more than 3,000 restaurants due to weak sales and customer dissatisfaction. The sandwich is being "reformulated," according to a spokesman, and may be reintroduced. McChicken sandwiches are still on the menus in 1,000 units.**

**Omaha-based Godfather's Pizza, which has only 57 company-owned units in a chain of some 800, is boosting company operations with a projected acquisition of its 117-unit Minneapolis-based Pizza Ventures franchisee. Privately owned Godfather's is delaying a 1.5-million-share public offering at least until the Pizza Venture deal is completed.**

**Joseph Baum, a wide-ranging restaurant consultant for the last 4½ years, is opting to return to the operating side of the business with a proposed acquisition (for a reported $5 million) of Sardi's, a New York City Times Square "celebrity" restaurant, from Vincent Sardi Jr. Baum, who would continue as a consultant, was Restaurant Associates president in the 1960's and created the Windows on the World and Big Kitchen-Market Bar dining room complexes at New York's World Trade Center in the 1970's.**

***Wine list of the month: Le Delice—Page 54***

# Family restaurants catch diversification fever

*(Continued from page 1)*

Other forces besides the recession and fast-food competition are driving diversification strategies in the family restaurant segment.

Consumers are demanding fresher and more exciting dining-out experiences. Traditional coffee shops are finding it increasingly difficult to compete by merely offering hamburger, steam-table entrees, fried foods, and other standard items.

There also is a rekindling of the entrepreneurial spirit among operators of franchised coffee shops who want to become franchisors and operators of their own expansion-oriented concepts. And at least one major chain, Sambo's, is changing concepts as a matter of survival.

Diversification is not the only change taking place in the segment. Family restaurant chains have been revamping menus, testing and rolling out new products, modernizing older units, conducting discounting programs, acquiring competing chains for conversions, and even toying with beer and wine merchandising.

Salad bars, regional specialties, quiches, croissants, pita bread sandwiches, and nonfried foods are commonplace in many family restaurants. And new or remodelled units have the trappings of more contemporary upscale restaurants—hanging plants, light woods, skylights, tablecloths, food displays, and exhibition cooking.

At J. B.'s Big Boys, about one-third of the menu items have been added in the last two years. Howard Johnson is allowing unit managers to add local specials such as catfish, barbecued pork and crab cakes. Denny's reports success with new items such as fried zucchini, a line of salads and pita bread sandwiches.

It is diversification, however, that is beginning to change the basic makeup of some of the segment's major players.

Shoney's double-digit real sales gains in 1982 were in part due to its diversification strategy. Though its Big Boy coffee shops outperform much of the competition, Shoney's is looking to Famous Recipe for growth opportunities.

Acquired a little more than a year ago, the 200-unit Famous Recipe chain gives Shoney's a strong presence in the growth-oriented fast-food chicken segment. Famous Recipe will be expanded through franchising and the opening of company-owned units.

Another Big Boy franchisee, J. B.'s Restaurants based in Salt Lake City, is pursuing a diversification strategy that will take it into nearby Colorado and California—outside the company's franchise territory.

J. B.'s is developing two concepts, a dinnerhouse called Old Salt City Jail and a specialty restaurant called Apple Butter Farms. There are Old Salt units in Salt Lake City and Tucson and one Apple Butter Farms in Salt Lake City, with a second unit opening this summer.

Clark Jones, president of J. B.'s Restaurants, says two-to-five Apple Butter Farms and one Old Salt City Jail may open annually. Diversification, he says, is a way to boost sales and profits and offer mobility to company employees. And he doesn't want J. B.'s to be limited to one geographic area or segment, he adds.

Vicorp Restaurants Inc., operators and franchisors of 184 Village Inn Pancake Houses, is acquiring the 59-unit Poppin Fresh Pie Shops chain from Pillsbury. A Vicorp spokesman says the units will remain Poppin Fresh Pie Shops but will receive a Village Inn-style breakfast program.

Vicorp is also planning to open as many as 10 pub-style restaurants called The Rose this year in addition to two casual dinnerhouses known as Varieties and about a dozen family restaurants. Despite the three-pronged diversification, president Charles Frederickson insists that "the primary thrust of Vicorp has been and will continue to be the Village Inn Pancake House Restaurants."

In a bid to attract more non-truckers, Truckstops of America has converted its 32 truck-stop coffee shops to Country Pride family restaurants and scaled down the menus to only 37 items. The remodeled units have 125 seats and average annual sales of $1 million.

**Shoney's diversification strategy seems to be paying off: The chain posted double-digit real sales gains in 1982**

Truckstops of America also has opened a franchised Burger King restaurant at its Nashville truckstop and plans two more Burger King units this year.

San Antonio-based Frontier Enterprises has opened six new Jim's Coffee Shops in the last seven months and plans to add another three or four in coming months. But Frontier has several other concepts in Texas, including three drive-ins, a fast-food burger unit, a Red Pepper Family Restaurant, a full-service dinnerhouse called Tower of the Americas, and three Magic Time Machine theme restaurants.

Some family restaurant operators, battered by the recession and competition from fast feeders, are looking at concept changes and diversification as a way to escape serious problems in their core chains.

For Sambo's, the once-mighty segment leader, survival rides on the success of its two new concepts, Pleasers and Seasons. With the chain trimmed down to 600 or so units, Sambo's is spending $25,000 per unit on facelifts and name changes.

Howard Johnson has been busy developing its Ground Round budget dinnerhouse chain even as its 800 family restaurants languish with annual unit sales averaging only $575,000 and customer counts sagging. Once a dominant segment force, Howard Johnson now find sitself with a dated concept.

Howard Johnson and Sambo's are not alone with their problems. International House of Pancakes is being sold by its bankrupt parent, Wienerwald, and Perkins, a Holiday Inns subsidiary, continues to struggle.

Many factors have contributed to family restaurant troubles, the latest of which is the Federal tip reporting law. (The tip reporting law affects coffee shops more than any other type of restaurant and is causing bookkeeping and employee morale problems.)

A more serious problem, however, is the move by fast feeders into the breakfast market. McDonald's, for example, gets 18% of its $1.2 million average unit sales from breakfast. Some other fast-food chains do nearly as well.

Some observers consider it a major strength that family restaurants offer a more complete dining experience than fast feeders for about the same price. Others, however, note that "upscale" fast-food chains such as Roy Rogers and Bojangles are competing successfully with family restaurants by offering upgraded decor and expanded menus. And fast-food units are easier and less costly to build and operate.

Richard Marriott, restaurant group vice president at Marriott Corp., operator and franchisor of Big Boy and Roy Rogers restaurants, sees it differently. "Fast feeders are teaching customers to eat breakfast in restaurants," he says.

Several family restaurant chains are battling back at breakfast. One reason for Shoney's 10.8% real sales gains last year was the addition of an all-you-can-eat breakfast buffet. J. B.'s Restaurants Inc. has tested a similar buffet at two units and is rolling it out chain-wide.

Denny's is repeating its Grand Slam breakfast promotion that resulted in sales increases the first time it was offered last year.

To be sure, a number of strong national and regional family restaurant chains are staying away from diversification. Denny's, undisputed segment leader with 1,150 restaurants in 44 states and overseas, is attempting to boost market share through unit expansion.

The company has been acquiring failed Sambo's sites and smaller family restaurant chains for conversions and is also building units from the ground up. But with conversions costing $500,000, about half what a new unit costs, the company is clearly more interested in acquisitions.

Friendly, a Massachusetts-based chain, has been repositioned as a family restaurant chain and is benefiting from extensive promotions, unit upgrading and new product roll outs. In 1982, Friendly, a Hershey subsidiary, reported an 11% rise in sales to $335.8 milion. After adjustments for menu price hikes, average Friendly restaurants posted 5.5% real sales gains.

The company has standardized its menus and instituted a more consistent pricing policy at its 641 ice cream and sandwich shops, modified restaurants and family restaurants.

Bob Evans Farms Inc. is proceeding steadily with the slow expansion of its 93-unit Bob Evans Farms Restaurants that report average annual unit sales of $1.2 million.

The last year has been tough even for some of the strongest family restaurant chains. Real average unit volumes at Denny's slipped about 2% in the last six months of the year and were flat at Bob Evans Farms Restaurants.

*'Many factors have contributed to family restaurant troubles, the latest of which is the tip reporting law. A more serious problem, however, is the move by fast feeders into the breakfast market.'*

Though J. B.'s Big Boys "held up very well," Jones notes that the recession has not hit his trade area (Mountain States) as much as other parts of the country. And the company's remodeling program (at a cost of $116,000 to $278,000 per unit) has resulted in "remarkable sales increases."

Holiday Inns does not release financial data on Perkins but a spokesman says the 343 family restaurants have been experiencing improved customer counts.

The family restaurant/coffee shop segment is dominated by small chains and independents which have 88% share of market. The 18 top chains have only 12% market share. The five major family restaurant chains had total sales last year of only $3.4 billion.

Denny's, according to Vern O. Curtis, chairman and chief executive, has a 25% share of the top five family restaurant chains' sales compared with 16% in 1976.

## SELECTED FAMILY RESTAURANT CHAINS

| | Other Concepts | Number of Family Restaurants | Average Annual Unit Sales |
|---|---|---|---|
| Denny's | Winchell's Donut Shops | 1,150 | $907,000 |
| Sambo's | Pleasers Seasons | 600 | n/a |
| International House of Pancakes | None | 500 | n/a |
| Friendly | None | 641 | $500,000 |
| Howard Johnson | Ground Round | 800 | $575,000 |
| Village Inn | The Rose Varieties Poppin Fresh* | 184 | $786,000** |
| Perkins | None | 343 | n/a |
| Shoney's Big Boy | Capt. D's Fifth Quarter Towne & Country Famous Recipe | 146 | $1 million |
| Bob's Big Boy† | None | 200 | $1 million |
| Bob Evans Farms | None | 93 | $1.2 million |
| J.B.'s Restaurants | Old Salt City Jail Apple Butter Farms | 36 | $829,000†† |

*Source: Company reports and NRN estimates*

* Vicorp Restaurants Inc., which operates and franchises Village Inn Pancake Houses, has signed an agreement with Pillsbury to putchase 59 of the 69 Poppin Fresh Pie Shops.

** Figure is for 57 company-operated units only.

† There are approximately 1,200 Big Boy restaurants, most of which are operated by 21 franchisees. Marriott Corp., the franchisor, has 200 company units trading as Bob's Big Boy on the East Coast and in California. These figures are for Marriott's company-owned units only.

†† Figure is for remodeled J.B.'s Big Boys. Units that have not been remodeled report unit sales of $714,000.

COMMODITIES

# Rain has lingering effect on California crop prices

**NRN Special Report**

Some of early March's rain impact on California fruit and vegetable crops may have a long-term effect upon produce prices. Some crops weathered the rain with no anticipated problems except for the week or two when harvesting was held up, while others were hit hard by damage to the crop or to the plantings.

While tomato plantings were late, causing some tomato and tomato product packers to revise estimates for peak harvest periods, not much overall effect upon acreage is expected. Supply of fresh tomatoes for produce markets, on the other hand, will feel the effect about early summer, as some shortages will occur because of late crops.

California's strawberry crop has suffered, but the extent of the damage was not assessed as *NRN* went to press. There has been a failure of some berries to set and reports of crown rot in a number of fields. Cling peaches and apricots were also damaged. Mold and rot in blossoms may cut the crops of both fruits back, with apricots hit the hardest. This is on the heels of two disasterous years of apricot crops, with supplies the tightest canners have seen for several decades. Many canners are expecting to run short well before the fall canning season begins.

The rains and continual flooding of the fields in the Watsonville, Calif., area has killed some of the plants, according to the state agricultural officials. This, combined with some choke damage, could result in higher prices across the board for the West Coast product. Asparagus, too, is reported to be hit with some stalk rot, reducing expectations of a large, high quality yield.

A good part of the spinach crop is in jeopardy. There has been leaf edge domage and some rot showing up in the fields. This is likely to affect the fresh market more than canners, but prices are expected to rise, particularly for frozen product.

On the up side, peas showed no damage at all in preliminary estimates, and lettuce seemed to come through all right. Although the lettuce harvest was held up in the Salinas area for almost two weeks because muddy fields prevented access, the colder weather slowed the maturing and prices stayed fairly stable. Another factor was that Arizona fields, just coming into full production at the time of the rain, took much of the strain off the California growers. Arizona was hit with some rain, but it did not interfere greatly with harvesting.

### Beef and Pork Prices Swing

The Lenten season has traditionally been one of decreased demand for beef and pork products. This interferes with the normal marketing of these red meats, causing swings in price wider than normal as the supply and demand phases get out of synchronization. It happened again in March, and the results are expected to be felt in volatile price ranges through most of this month.

While cattle on feed are down by about 10%-12% from last year, the number of animals coming to market have been higher, leading experts to anticipate shortages in supply around the end of spring or early summer. While there is traditionally a drop off in supply around that time, the tight condition of the pipeline this year is expected to cause ever greater price volatility.

(As beef prices rise, consumers cut back on purchases, causing supplies to pile up in the distribution pipeline. With such a perishable product, the processors then cut prices until the consumer is lured back to beef consumption. Then the demand uses up the surplus supply and the prices rise again. This repetitive cycle is referred to in this column as the "yo-yo" effect. This year it should be more pronounced than usual. Unfortunately, the food-service operator is at the mercy of the consumer market on meat.)

Almost the same story occurs in pork, but with a bit of a difference in the cause. With a much shorter raising period, hogs can be brought to market in quicker reaction to price swings. The producers, reacting favorably to a rise in hog carcass prices in early March, increased marketing. Predictably, this drove the price of carcasses, and therefore of prok, down. The distribution pipeline, however, is now fairly well

*(Continued on page 95)*

## PRODUCT MOVEMENT AT A GLANCE

| | March 18, 1982 | Feb. 18, 1983 | March 18 1983 |
|---|---|---|---|
| Beans, pinto, dry, Colorado (cwt.) | $14.50 | $12.50 | $12.25 |
| Beef, Choice, 700-900 lb., Midwest (lb.) | $ 1.05 | $ 0.96 | $ 0.96 |
| Broilers, Icepack, Grade A, NYC (lb.) | $ 0.4671 | $ 0.4976 | $ 0.4886 |
| Coffee, green beans, Brazilian, NYC (lb.) | $ 1.42 | $ 1.31 | $ 1.28 |
| Eggs, Grade A, large white, Chicago (doz.) | $ 0.78 | $ 0.635-0.64 | $0.645-0.65 |
| Hams, canned, 12 lb. domestic (lb.) | $ 1.72-1.77 | $ 1.64-1.71 | $ 1.59-1.64 |
| Pepper, black, NYC (lb.) | $ 0.80 | $ 0.69 | $ 0.65 |
| Pork Loins, Choice, 14-17 lb., Midwest (lb.) | $ 0.96 | $ 1.13 | $ 1.11 |
| Shrimp, white, shell-on, 16-20 ct., Gulf (lb.) | $ 6.90 | $ 7.45 | $ 7.35 |
| Tomato paste, Fancy, 1.045, Calif. (6/10) | $12.90 | $11.25 | $11.75 |

Source: *NRN* Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# Arby's rewrites franchise pacts in attempt to stimulate growth

**By Rurick Telberg**

ATLANTA—Arby's, a perennial straggler in fast-food battles, has just rewritten its franchise contracts. But it will take strong marketing savvy to get the 1,200-unit roast beef chain moving again.

The new deals levy a straight 3.5% sales royalty on franchised stores opened since Jan. 1. It replaces a five-year-old contract that offered franchisees a choice between paying a flat 3% or a sliding scale based on sales volume.

Most franchisees opted for the sliding scale, which was drafted on the assumption that sales would rise. They didn't, and as a result the typical payment never budged past 2%.

"The new licensing agreements will substantially raise the effective royalty rate over time," says Jeff McMahon, Arby's president. "But," he admits, "it will take time to do it."

Advertising fees remained untouched because they are negotiated through the Arby's Franchisee Association. But they may be the next deals to be revamped: Last year the $5 million budget amounted to less than 1% of systemwide sales.

Arby's franchisees are apparently betting that McMahon does have time to do it. Few, at least, have pulled up stakes and moved to another fast-feeder's tent.

But the franchisees, a vocal and independent-minded group who were forced to hone their skills when the chain went through bankruptcy in the early 1970's, appear deeply divided over the path to renewed growth. The chain, as a result, is involved in a painful reassessment of its market identity.

"There have always been two schools of thought about the marketing plan," says John Bohlsen, a Long Island, N.Y., franchisee who chairs the Arby's Franchisee Association. "One is 'We're a notch above the rest of the pack, and we cater to hamburger fatigue with a quality alternative.' The other is 'We try to be mainstream.' You have to add menu items to build sales."

*(Continued on page 14)*

# Unique Dutch Pantry lease deal could help end chain's dormancy

**By Rurick Telberg**

CAMP HILL, Pa.—A former Arthur Treacher's franchisee has taken over management of the dormant Dutch Pantry family restaurant chain using a unique leasing arrangement.

Nick Spithogianis, 44, who owned the Arhtur Treacher's franchise in New York from 1972 to 1978, is leasing the 53-unit chain from Harley Hotels of Cleveland and hopes to exercise an option to buy if he can turn Dutch Pantry's operations around.

Harley Hotels, a holding of New York real estate mogul Harry Helmsley, purchased the chain for an undisclosed sum in early 1982 from CPC International, a foodstuffs marketer which had owned the chain since 1969.

The chain's growth peaked in 1977 when it had 82 units, but Spithogianis said it has remained profitable and he hopes to expand operations into the New York area.

Spithogianis blamed the chain's lackluster performance in recent years on a lack of management leadership. "They never had a restaurant man in charge," he said.

Spithogianis said he bought the chain's inventory, but otherwise was leasing the real estate, buildings, equipment, and trade rights to the name. The payroll, however, was transferred over to Spithogianis from Harley Hotels.

Spithogianis said he had a three-year option to buy the chain from Harley. Meanwhile, he is paying $1.6 million a year for the chain, which, he said, earned net profits of $1.5 million on revenues of $30 million each year in the last two.

Many Dutch Pantry restaurants are located along interstate highways where tourists account for 40% of volume. Average annual unit sales run about $500,000 with per-person checks at about $3.50. Five to 10% of revenues come from the sale of souvenir and travel items at the restaurants' lobby gift shops.

Food costs, he said, run a low 30% because 90% of the menu is manufactured at the chain's 80,000-sq.-ft. commissary in Hummels Wharf, Pa., and shipped by a fleet of 12 trucks to the units as far as Florida.

Dutch Pantry also has a small hospital feeding subsidiary, called Kemberling Foods, which works out of the commissary.

Spithogianis said he was planning to open the first new Dutch Pantry in years at a converted Wuv's restaurant in Hicksville, N.Y., this spring. Five budget steakhouses which share lots with Dutch Pantry units, he said, were slated to be upgraded into higher-ticket dinnerhouses. And five units which had been closed for remodeling were due to reopen.

Among the best-selling menu items at the family restaurants, Spithogianis said, were chicken pot pie, meat loaf, Swiss steak, lasagna and veal parmigiana.

Spithogianis took the lease on the chain in December, after 2½ years of pursuing executives at Harley, he said. Harley's president of the operation, Gerald Schlosser, has taken another post at Harley.

**Fifty-three Dutch Pantrys are currently in operation, down from 83 when the chain's growth peaked in 1977.**

*Ponderosa rolls out TV campaign*

# Office takes center stage to pitch new chain image

**By Donald Frazier**

DAYTON, Ohio—Dissatisfied with its traditional identity as a budget steakhouse chain, Ponderosa has rolled out a television advertising campaign stressing a varied menu and a lively, pleasant ambience.

The spots feature the company's president and chief executive officer, Gerald Office Jr., confidently striding through a light and airy looking unit while pitching Ponderosa's food and prices to smiling customers.

The campaign has two goals: to help maintain customer counts as Ponderosa reduces its dependence on promotional pricing, and to help pave the way for several new menu items now being tested, including a breakfast program.

More than 27 markets, mainly in the Midwestern blue-collar belt where Ponderosa's operations are concentrated, receive the new ads.

"The company is trying a balancing act with this campaign," according to Jack Avrett, the adman who coordinated it. "It wants to benefit from the high-quality image of a steakhouse, but it also wants to let people know that there's more there than just steak."

Thus, he explained, the ads' tagline: "The Biggest Little Steakhouse in the U.S.A."

The new campaign comes at a time when Ponderosa is undergoing steady increases in both customer counts and prices, according to Donald Jackson, executive vice president for the 686-unit chain.

"Yes, it is good sometimes to give price concessions," he conceded. A recession-stricken Midwestern economy made these necessary to retain business.

"But now, we think we've instilled the Ponderosa habit strongly enough that customers will come to us on their own," he said. Promotions accounted for over 30% of Ponderosa sales during 1982, Jackson said. The company hopes to reduce this figure "substantially," he added.

Ponderosa has enjoyed increases in customer counts while its competitors in the same markets have lost busi-

*(Continued on page 95)*

FINANCIAL NEWS

# Fast-food sales continue upward trend in February

MIDDLETOWN, N.J.—February fast-food sales continued strong with a 3.6% inflation-adjusted gain over February 1982 sales, according to a firm here that tracks business at 17 major chains.

The tracking firm, Carl DeBiase's Restaurant Trends, reported the February gain on the heels of a 5.1% real sales gain in January and a 3.1% pick-up in December over the same month the previous year.

Restaurant Trends' report said that the total February sales gain for the 17 chains that it tracks had been 7.6% over the same month last year and that menu prices had been up 3.8% on average, giving the 3.6% spread.

The report cited U.S. Government statistics showing that for all eating and drinking places unadjusted sales were rising at a much faster pace, 10.4% in February, 13.5% in January and 13.3% last December.

The report said price increases in this latter sector had been hovering around 5% for the last several months.

Real food store sales for the first two months of this year were estimated to have dropped off 0.3%. Food store inflation was pegged at about 1.5%.

Among the major chains tracked by Restaurant Trends the biggest gainer in real sales in February was Burger King with a reported 18% gain over last February's real sales.

Burger King reportedly held prices to just 1% over the year-ago level while garnering a 20% increase in total store sales.

Other major gainers for February were Hardee's, Taco Bell and Pizza Hut. Hardee's total store sales were up 14% and adjusted sales were up 13% after a 1% price increase.

At Pizza Hut, adjusted sales were up 9% even after a 6% price hike. Taco Bell's adjusted sales were up slightly more, 10% after a 4% price hike. Taco Bell's real sales had been up in January, too, by 9%, while Pizza Hut's January real sales were up a lesser 6%.

Friendly Ice Cream also picked up, according to the report, although not as much as those just mentioned. Friendly showed a 7% real sales gain after a 3% price increase. In January, Friendly real sales were up 18% over January 1982, according to Restaurant Trends.

McDonald's showed weakness compared to major competitors. Total store sales in February were up 3% and menu prices were also up 3%, for no real sales gain.

## Nathan's 3rd-quarter profit drops 19%

NEW YORK—Nathan's Famous Inc. reported net profit off by 19% to $66,944 for the third quarter ended Dec. 26, compared to the same period last year. Revenues for the quarter increased 4% to $4.2 million.

For the first nine months, net income rose 44% from $583,840 to $841,302, while revenues increased 3%.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended March 25 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | | | | | | | Last Fiscal Year | | | Last Fiscal Year (Per Share) | | |
| | | | | | Change | | 52-Week | | | | | | Last Fiscal Year | Amt. | Pct. | 5-Year Annual Growth Rate | Profit Margin | Latest P/E Ratio | Indicated Dvd. Rate | | Last X-Dvd. Date | Revenue | Earnings | Current Ratio | Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Amt. | Pct. | High | Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | | | | | | | Amt. | Yield | | | | | | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Aca Los A Res | ALAR | 6.25 | 5.50 | 5.50 | -.75 | -12.00 | 7.88 | 3.75 | -.97 | -1.65 | -4.99 | 12.94 | .05 | -.09 Q | -42.8 | -29.0 | .3 | 45.8 | .00 | .0 | 01-06-81 | 37.1 | .1 | 2.4 | 5.69 | 2.90 | 1081 |
| Am Motor Inns | INN | 31.38 | 28.63 | 30.13 | 1.13 | 3.88 | 31.38 | 15.88 | .05 | -.49 | 3.19 | -12.92 | 2.10 | .45 S | 24.8 | 28.0 | 7.0 | 13.3 | .25 | .8 | 12-26-82 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 47.50 | 40.25 | 46.50 | 5.25 | 12.73 | 47.50 | 24.75 | .66 | 1.35 | 2.71 | 6.42 | 3.43 | -.36 Q | -9.4 | -8.0 | 1.4 | 13.6 | 2.00 | 4.3 | 02-23-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 22.38 | 19.00 | 19.50 | -1.25 | -6.02 | 22.38 | 5.00 | .93 | -.25 | -1.82 | 17.65 | .58 | -.21 Q | -28.0 | -17.0 | 2.2 | 36.1 | .12 | .6 | 03-04-83 | 78.6 | 1.7 | 1.6 | 6.60 | 7.58 | 0982 |
| Beefsteak Char | BCS | 9.13 | 7.50 | 7.63 | -1.38 | -15.28 | 9.75 | 4.13 | -.49 | -.66 | -4.43 | -14.31 | .88 | .17 Q | 26.1 | 38.0 | 3.6 | 9.3 | .00 | .0 | 00-00-00 | 99.0 | 3.6 | 1.2 | 1.49 | 3.09 | 1081 |
| Bob Evans Farms | BOBE | 27.00 | 26.00 | 26.00 | -1.25 | -4.59 | 29.06 | 14.66 | -.45 | -1.13 | -3.70 | -8.49 | 1.09 | -.03 N | -2.7 | 21.0 | 7.9 | 24.8 | .30 | 1.2 | 01-18-83 | 173.4 | 13.7 | 1.7 | .00 | 5.17 | 0482 |
| Bonanza Intl Inc | BNZA | 3.50 | 3.38 | 3.50 | .00 | .00 | 3.75 | 1.38 | .68 | .38 | .69 | 56.23 | .11 | 3.44 F | NE | -55.0 | 2.3 | 31.8 | .00 | .0 | 00-00-00 | 21.4 | .5 | 1.2 | 11.24 | 1.50 | 1281 |
| Brock Hotel Cp | BHC | 9.13 | 8.13 | 8.88 | -.38 | -4.05 | 17.50 | 7.50 | -.05 | 1.27 | -1.19 | 6.74 | .39 | -.15 F | -27.7 | 11.0 | 2.0 | 22.8 | .10 | 1.1 | 03-15-83 | 259.8 | 5.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 14.75 | 13.75 | 14.75 | 1.00 | 7.27 | 15.00 | 5.16 | .12 | .88 | -2.65 | 32.95 | .74 | .50 N | 119.0 | 9.0 | 3.2 | 16.0 | .20 | 1.4 | 01-27-83 | 37.0 | 1.2 | .6 | 1.01 | 1.51 | 0282 |
| Captain Crabs | CRAB | 4.00 | 3.88 | 4.00 | .13 | 3.23 | 4.13 | 1.00 | -.25 | .49 | -3.88 | 14.54 | .00 | .00 Q | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Develop | CRL | 11.50 | 9.75 | 10.88 | .63 | 6.10 | 11.50 | 3.25 | .63 | -.45 | 2.38 | -14.84 | .44 | .29 S | 70.7 | 21.0 | 1.9 | 15.5 | .07 | .6 | 02-02-83 | 68.6 | 1.3 | .6 | 6.55 | 4.00 | 0582 |
| Chart House | CHHO | 27.13 | 25.38 | 27.13 | 1.13 | 4.33 | 28.13 | 17.25 | -.01 | 1.15 | 4.53 | 28.90 | 2.08 | .05 F | 2.4 | 13.0 | 4.9 | 13.0 | .60 | 2.2 | 12-27-82 | 382.0 | 18.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 24.13 | 22.75 | 22.75 | -.63 | -2.67 | 26.88 | 8.75 | -.31 | -1.39 | 1.92 | 28.28 | .37 | .27 N | 90.0 | 26.0 | 11.1 | 39.9 | .00 | .0 | 12-20-82 | 40.5 | 4.5 | 3.1 | .74 | .82 | 0481 |
| Ch Full O Nut | CHF | 19.00 | 16.75 | 17.13 | -1.13 | -6.16 | 19.88 | 10.13 | .97 | -1.29 | 3.88 | 22.21 | .34 | -.07 S | -14.5 | -11.0 | 1.4 | 41.8 | .40 | 2.3 | 12-09-82 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 39.50 | 36.63 | 39.50 | 2.63 | 7.12 | 40.75 | 25.00 | .39 | 1.25 | 1.24 | -11.31 | 3.28 | -.24 F | -6.8 | 15.0 | 10.1 | 12.0 | 1.00 | 2.5 | 01-24-83 | 413.1 | 41.6 | 1.8 | .93 | 17.60 | 1282 |
| Cindys Inc | CNDYC | 3.38 | 3.13 | 3.13 | -.25 | -7.41 | 3.88 | 2.63 | -.14 | -.31 | 1.05 | 13.19 | -.06 | 1.37 F | NE | NE | -.6 | NE | .00 | .0 | 00-00-00 | 17.0 | -.1 | .0 | 7.17 | .29 | 1281 |
| Collins Foods | CF | 23.25 | 20.88 | 23.00 | 1.00 | 4.55 | 24.25 | 9.47 | .70 | -.25 | 2.19 | -4.65 | 1.69 | .53 N | 33.3 | 16.0 | 3.2 | 10.8 | .24 | 1.0 | 12-23-82 | 298.0 | 9.6 | 1.3 | 7.44 | 10.69 | 0482 |
| Consul Corp | CNSL | 13.63 | 13.00 | 13.63 | .25 | 1.87 | 14.13 | 5.88 | -.21 | .36 | 7.31 | -23.13 | .00 | -.12 S | -70.5 | NE | .0 | 272.5 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 26.75 | 23.00 | 25.50 | 1.75 | 7.37 | 26.75 | 8.75 | .69 | .45 | 8.59 | -10.83 | 1.03 | .18 S | 17.8 | 19.0 | 3.7 | 21.4 | .00 | .0 | 00-00-00 | 35.4 | 1.3 | 1.9 | 5.35 | 6.69 | 0782 |
| Dennys Inc | DEN | 32.88 | 30.13 | 32.75 | .25 | .77 | 36.88 | 21.75 | .23 | 1.23 | -1.95 | -8.91 | 2.47 | .29 S | 12.7 | 9.0 | 3.9 | 12.8 | .64 | 2.0 | 03-04-83 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 20.00 | 19.63 | 19.88 | -.63 | -3.05 | 21.13 | 9.91 | .17 | -.36 | 2.19 | 20.56 | 1.40 | .20 Q | 15.8 | 18.0 | 9.4 | 13.6 | .24 | 1.2 | 02-07-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 16.38 | 15.50 | 16.13 | .00 | .00 | 17.25 | 7.94 | .04 | .28 | -3.38 | 9.30 | 1.80 | -.15 S | -8.7 | 14.0 | 3.8 | 10.3 | .40 | 2.5 | 03-29-83 | 101.0 | 3.8 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 22.25 | 16.63 | 21.25 | 3.25 | 18.06 | 22.25 | 9.63 | -.03 | 1.22 | 1.51 | -31.78 | .65 | .65 F | NC | 121.0 | 14.9 | 32.7 | .00 | .0 | 00-00-00 | 40.2 | 6.0 | 2.0 | .76 | 1.01 | 1281 |
| Hambrg Hamlet | HAMB | 8.50 | 8.25 | 8.25 | .00 | .00 | 8.50 | 5.00 | .37 | -1.31 | 10.27 | 36.36 | 1.35 | .50 S | 81.9 | -8.0 | 3.2 | 7.4 | .00 | .0 | 00-00-00 | 31.6 | 1.0 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.13 | 1.13 | 1.13 | .00 | .00 | 3.13 | .88 | -.34 | .00 | -6.44 | .00 | -2.22 | -5.08 N | -336.8 | -63.0 | -11.4 | NE | .00 | .0 | 00-00-00 | 30.6 | -3.5 | 1.4 | 18.38 | 8.12 | 0981 |
| Hilton Hotels | HLT | 45.50 | 43.00 | 44.50 | .38 | .85 | 52.00 | 27.63 | -.08 | -.16 | -.70 | 14.67 | 3.12 | -1.10 F | -26.0 | 17.0 | 13.4 | 14.3 | 1.80 | 4.0 | 02-28-83 | 620.5 | 83.4 | 2.0 | 4.48 | 19.98 | 1281 |
| Holiday Inns | HIA | 41.63 | 38.00 | 39.88 | -.50 | -1.24 | 41.63 | 24.50 | .37 | .23 | -1.33 | 1.20 | 2.50 | -.18 F | -6.7 | 13.0 | 6.8 | 16.0 | .84 | 2.1 | 03-14-83 | 1425.3 | 97.2 | .8 | 20.99 | 25.33 | 1281 |
| Holiday Inns A | HIA A | 61.00 | 57.00 | 61.00 | 2.50 | 4.27 | 61.00 | 38.38 | .34 | 1.14 | -3.34 | 10.00 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 27.13 | 24.75 | 25.63 | -1.75 | -6.39 | 29.00 | 11.72 | -.46 | -.46 | .54 | 20.67 | .95 | .05 N | 5.5 | 30.0 | 2.7 | 27.0 | .00 | .0 | 09-27-82 | 166.1 | 4.5 | 1.7 | 11.45 | 6.30 | 1281 |
| Hungry Tiger | HTIG | 11.13 | 10.00 | 10.00 | -.25 | -2.44 | 12.25 | 4.16 | -.36 | -1.80 | -6.16 | 23.67 | .78 | -.01 Q | -1.4 | 8.0 | 3.8 | 14.5 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 1.81 | 1.56 | 1.63 | -.19 | -10.34 | 2.06 | 1.50 | -.64 | -2.52 | 2.06 | 55.88 | .24 | .00 F | .0 | 2.0 | 2.0 | 6.8 | .14 | 8.6 | 09-28-82 | 8462.9 | 171.0 | 1.1 | .65 | 2.08 | 1081 |
| Intl Dairy Queen | INDQ | 29.00 | 28.00 | 29.00 | 1.00 | 3.57 | 30.00 | 9.75 | .15 | -.39 | -2.95 | 4.55 | 2.17 | .45 F | 26.1 | 37.0 | 6.3 | 13.4 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 17.25 | 14.50 | 16.50 | 1.75 | 11.86 | 17.25 | 2.00 | .69 | .37 | 1.51 | -21.84 | .33 | 1.00 S | NE | .0 | 1.4 | 25.4 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 14.13 | 12.75 | 14.13 | .75 | 5.61 | 14.50 | 4.63 | .44 | 2.23 | -1.11 | 2.08 | .93 | .27 Q | 39.1 | 12.0 | 3.5 | 14.7 | .16 | 1.1 | 02-07-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 21.50 | 19.25 | 19.75 | -1.63 | -7.60 | 23.50 | 12.69 | -.25 | .06 | -2.47 | 23.09 | 1.40 | -.16 S | -10.8 | 22.0 | 5.1 | 15.1 | .12 | .6 | 03-04-83 | 425.5 | 21.8 | .9 | 2.91 | 8.99 | 0682 |
| Kapok Tr Inns | KTI | 5.38 | 5.13 | 5.25 | .13 | 2.44 | 5.63 | 3.00 | -.29 | -.62 | .59 | -3.95 | -.37 | -.21 Q | NE | -46.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 14.88 | 13.88 | 14.13 | -.63 | -4.24 | 24.50 | 10.34 | -1.51 | .21 | 2.59 | -17.18 | .59 | .26 N | 72.2 | 98.0 | 8.4 | 22.8 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 24.75 | 23.38 | 23.75 | -.25 | -1.04 | 25.50 | 7.91 | .51 | -.90 | -3.17 | -16.47 | 1.21 | 1.43 N | NC | 17.0 | 3.4 | 16.6 | .00 | .0 | 02-16-83 | 200.6 | 6.9 | 1.9 | 5.15 | 6.67 | 0182 |
| Lubys Cafe | LUB | 32.00 | 30.00 | 30.50 | -1.00 | -3.17 | 32.59 | 20.41 | .01 | -.49 | 4.64 | -30.82 | 1.35 | .18 S | 14.4 | 20.0 | 9.1 | 21.3 | .48 | 1.6 | 03-07-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0882 |
| Marcus Corp | MRCS | 11.13 | 10.63 | 10.88 | .13 | 1.16 | 11.38 | 5.38 | -.15 | -.82 | -.15 | -39.04 | 1.13 | .06 N | 5.1 | 4.0 | 5.7 | 8.9 | .00 | .0 | 08-24-81 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 63.50 | 56.00 | 63.50 | 5.63 | 9.72 | 63.50 | 32.00 | .21 | 1.73 | .70 | 5.16 | 3.44 | .24 F | 7.5 | 28.0 | 3.7 | 18.5 | .36 | .6 | 03-21-83 | 2541.4 | 94.3 | .9 | 23.23 | 16.12 | 1281 |
| McDonalds Cp | MCD | 71.50 | 67.00 | 69.38 | 1.38 | 2.02 | 71.50 | 43.09 | .43 | -.22 | -1.10 | 4.29 | 5.00 | .64 F | 14.6 | 17.0 | 10.9 | 13.9 | .88 | 1.3 | 10-15-82 | 2769.5 | 300.6 | .5 | 15.35 | 22.73 | 1281 |
| Morrison Inc | MORR | 20.13 | 18.50 | 19.75 | 1.00 | 5.33 | 20.13 | 9.75 | .05 | -.16 | .16 | 15.11 | 1.16 | .33 S | 33.6 | 8.0 | 4.1 | 15.1 | .36 | 1.8 | 01-03-83 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 7.00 | 4.25 | 7.00 | 2.88 | 69.70 | 7.00 | 1.75 | 2.69 | 4.73 | 8.30 | 7.32 | -.98 | -1.24 Q | -539.1 | -41.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 2.13 | 1.88 | 1.88 | -.13 | -6.25 | 2.50 | .72 | -.34 | -.51 | -.08 | -38.16 | .03 | .80 N | NE | NE | .6 | 18.8 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles | NAUG | 22.00 | 21.00 | 22.00 | .25 | 1.15 | 23.75 | 7.50 | -.24 | .79 | -3.93 | 17.50 | .78 | .87 S | NC | 49.0 | 3.9 | 25.3 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 17.00 | 15.00 | 17.00 | 2.00 | 13.33 | 17.00 | 9.00 | .28 | 3.40 | -8.97 | 10.00 | 1.74 | -.83 N | -47.9 | 3.0 | 1.3 | 18.9 | .32 | 1.9 | 12-29-82 | 133.4 | 1.7 | .8 | 5.60 | 13.02 | 0981 |
| Orange-co | OJ | 5.00 | 4.75 | 4.88 | -.13 | -2.50 | 9.25 | 4.38 | -.35 | -.39 | -3.36 | -18.66 | -.25 | -1.71 Q | -158.3 | -26.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 8.63 | 7.75 | 8.38 | .00 | .00 | 9.88 | 3.56 | -.27 | .08 | -3.55 | -16.03 | .19 | .18 S | NC | 78.0 | 13.8 | 46.5 | .00 | .0 | 00-00-00 | 5.8 | .8 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 17.88 | 17.50 | 17.63 | -.25 | -1.40 | 18.13 | 13.50 | .05 | -.38 | 1.86 | -11.09 | 1.39 | -.11 S | -7.8 | 12.0 | 5.9 | 13.6 | .56 | 3.2 | 03-09-83 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 10.38 | 8.63 | 10.25 | .75 | 7.89 | 10.38 | 4.50 | .31 | 3.25 | .71 | 15.14 | .61 | .11 F | 22.0 | -4.0 | 1.2 | 16.8 | .00 | .0 | 00-00-00 | 140.5 | 1.7 | .9 | 12.94 | 6.65 | 1281 |
| Pizza Time Thea | CHKY | 18.50 | 14.50 | 14.75 | -4.00 | -21.33 | 32.50 | 14.25 | -.61 | -2.83 | 3.68 | 17.12 | 1.27 | .69 F | 118.9 | 41.0 | 7.6 | 11.6 | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 3.2 | .81 | 7.87 | 1281 |
| Ponderosa Sys | PON | 20.50 | 18.38 | 20.25 | 1.00 | 5.19 | 21.25 | 9.09 | .21 | .27 | -6.32 | 10.77 | 1.34 | .66 N | 69.4 | -6.0 | 2.4 | 12.6 | .33 | 1.6 | 03-04-83 | 353.9 | 8.5 | 1.0 | 13.32 | 11.23 | 0282 |
| Ramada Inns | RAM | 8.25 | 7.13 | 8.00 | .75 | 10.34 | 8.25 | 4.25 | .54 | 1.59 | 1.46 | 39.58 | -.73 | -.77 F | -925.0 | -29.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 548.3 | -19.8 | .6 | 18.96 | 6.03 | 1281 |
| Restaur Assc | RA | 8.88 | 7.88 | 8.50 | -.38 | -4.23 | 9.00 | 3.25 | .56 | .68 | 3.27 | 3.66 | .78 | -.19 F | -19.5 | 43.0 | 1.8 | 10.9 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.3 | 3.17 | 6.38 | 1281 |
| Ryans Fam Steak | RYAN | 34.75 | 28.50 | 34.25 | 4.75 | 16.10 | 34.75 | 6.16 | 1.21 | 3.18 | 5.26 | 39.82 | .65 | .65 F | NC | 75.0 | 10.2 | 52.7 | .00 | .0 | 01-20-83 | 9.8 | 1.0 | 1.6 | 1.06 | 1.16 | 1281 |
| Saga Corp | SGA | 48.63 | 44.38 | 47.25 | 1.38 | 3.00 | 48.63 | 22.38 | .37 | .50 | 1.36 | 26.85 | 3.35 | .78 S | 25.2 | 41.0 | 1.9 | 12.2 | .72 | 1.5 | 02-14-83 | 901.0 | 16.8 | .9 | 8.51 | 17.72 | 0682 |
| Sandwich Chef | SHEF | 14.75 | 14.25 | 14.25 | -.50 | -3.39 | 15.50 | 11.50 | -.07 | -.92 | 1.66 | 36.72 | .77 | .76 S | NC | 26.0 | 4.7 | 18.8 | .00 | .0 | 00-00-00 | 17.0 | .8 | .6 | .50 | 3.42 | 0682 |
| Sea Galley | SEAG | 8.38 | 7.88 | 8.13 | -.50 | -5.80 | 10.63 | 5.50 | .07 | .52 | -.20 | 28.50 | .02 | -.66 F | -97.0 | -11.0 | .1 | 406.3 | .00 | .0 | 06-02-81 | 70.1 | .1 | 1.8 | 2.38 | 4.99 | 1281 |
| Servico Inc | SRVI | 16.00 | 14.25 | 14.50 | -1.25 | -7.94 | 16.00 | 7.03 | .29 | -.55 | 4.68 | -38.77 | 1.54 | -.82 N | -43.6 | 61.0 | 3.5 | 13.7 | .00 | .0 | 07-09-82 | 126.4 | 4.4 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 27.00 | 25.00 | 25.75 | .50 | 1.98 | 27.00 | 11.16 | .43 | -.47 | -1.01 | -26.38 | .92 | .15 F | 19.4 | 21.0 | 5.3 | 28.0 | .15 | .6 | 03-11-83 | 337.4 | 17.8 | 1.0 | 1.48 | 3.77 | 1081 |
| Skippers | SKIP | 13.50 | 10.75 | 12.75 | 2.00 | 18.60 | 13.50 | 4.75 | .75 | 2.21 | 3.59 | 14.55 | .72 | -.01 F | -1.3 | 8.0 | 2.6 | 17.7 | .08 | .6 | 10-18-82 | 38.1 | 1.0 | 1.2 | 3.45 | 6.07 | 1281 |
| Sonesta Hotel | SNSTZ | 16.50 | 15.50 | 15.50 | -1.00 | -6.06 | 16.50 | 8.50 | -.34 | -.37 | -.28 | -75.00 | .94 | -.70 N | -40.2 | 39.0 | 1.4 | 14.9 | .20 | 1.3 | 06-25-82 | 145.0 | 2.1 | .9 | 27.74 | 10.01 | 1281 |
| So Hospitality | SHOS | 6.13 | 4.88 | 6.13 | .63 | 11.36 | 6.25 | 1.13 | -.55 | 5.95 | 1.80 | 20.08 | .14 | .21 N | NC | 25.0 | 2.5 | 29.2 | .00 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 5.50 | 4.13 | 5.25 | 1.13 | 27.27 | 5.50 | 2.50 | .15 | 7.48 | 5.51 | 46.53 | .18 | .12 F | 200.0 | -28.0 | 1.4 | 29.2 | .00 | .0 | 05-17-79 | 57.2 | .8 | 1.2 | 4.60 | 2.60 | 0981 |
| Victoria Stations | VSTA | 8.75 | 7.75 | 8.50 | .75 | 9.68 | 11.00 | 5.00 | .09 | -.67 | 2.81 | 19.86 | .35 | -1.07 N | -891.6 | -41.0 | 1.0 | NE | .00 | .0 | 09-19-79 | 123.4 | 1.2 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 18.00 | 16.63 | 17.00 | -.25 | -1.45 | 18.00 | 9.59 | .47 | -1.59 | -.42 | -17.81 | 1.13 | .12 F | 11.8 | 18.0 | 7.3 | 15.0 | .24 | 1.4 | 02-22-83 | 607.6 | 44.1 | .6 | 2.56 | 5.27 | 1281 |
| Webb Del E | WEB | 15.88 | 13.38 | 15.38 | 1.50 | 10.81 | 15.88 | 5.88 | .45 | .87 | .82 | -10.62 | -.11 | .47 F | NE | -25.0 | -.4 | NE | .00 | .0 | 11-07-80 | 311.2 | -1.1 | 1.1 | 16.12 | 13.25 | 1281 |
| Western Steer | WSMP | 11.00 | 10.50 | 11.00 | .50 | 4.76 | 11.50 | 8.00 | .33 | 1.08 | 4.74 | 38.57 | 1.06 | 1.13 N | NC | 9.0 | 3.7 | 9.7 | .12 | 1.1 | 12-08-82 | 27.3 | 1.0 | 1.3 | 6.97 | 6.29 | 0282 |
| Winners Cp | WNER | 14.63 | 12.88 | 12.88 | -1.25 | -8.85 | 14.63 | 6.47 | .01 | -2.32 | -2.94 | 4.08 | .82 | .12 F | 24.0 | 7.0 | 2.6 | 20.8 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .3 | 10.03 | 5.32 | 1281 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

**—Other than a quarterly multiple resulting from a fiscal year change.*

FINANCIAL NEWS

*Expansion pace*

# Acapulco y Los Arcos reduces net losses during first quarter

PASADENA, Calif.—Acapulco y Los Arcos Restaurantes has narrowed its net losses in the first quarter ended Jan. 30 to $270,000, from $450,000 in the like period last year. Sales for the first quarter of 1983 were off marginally to $8.39 million from $8.43 million during the same period last year.

According to president Jim Doherty, geographic expansion of the 31-unit Mexican dinnerhouse chain to the Midwest has interjected a significant element of seasonality into the business which will impact on profits in the first and second quarters of each fiscal year. Nonetheless, expansion will continue, he said.

The company had net earnings of $1.4 million on sales of $37.1 million for fiscal 1982 ended Oct. 31. Profits in the preceding year were $1.15 million on sales of $27 million.

**Customer Counts**

Doherty said the company's immediate challenge is to boost customer counts in its five midwestern restaurants, "where we see a real upside potential." He said marketing in the Midwest would focus on projecting the image of quality and authenticity which the company enjoys in its primary West Coast markets.

Acapulco y Los Arcos now operates two units in Cincinnati, and one each in Omaha; Topeka, Kan., and Kansas City, Mo. In the Northwest it has one unit in Portland, Ore., and one in Seattle. Its main strength is in southern California with 17 units, and in northern California with seven.

Capacity of the units ranges from 100 to 350 seats. Food costs average 32%; the average per person check is $6.75.

In the first quarter the company closed out its downscale, limited-service concept, Ramon's, which had been operating with three units in Kansas City, Mo. The Company decided that Ramon's was not the franchise expansion vehicle it had hoped for.

Also in the quarter, new restaurants were opened in Cincinnati and Hemet, Calif. Four more new units are planned for the balance of the year in the Northwest and California, with one now under construction in Portland, Ore.

## Brock Hotel profits up $7.1 million in fiscal '82

DALLAS—For the year ended Dec. 31, Brock Hotel Corp. reported net profit of $7.1 million, a 1.2% increase over fiscal 1981. Revenues for the same period rose 57% to $259 million.

However, the company showed a net loss of $1.4 million for the final quarter ended the same date as compared to last year's figures. Revenues were up 51% to $69 million for the last quarter of '82.

Calling the fourth quarter "the worst experienced by the company since the recession in 1974," Robert L. Brock said the results were due to "reduced hotel occupancies, reduced ShowBiz sales per store and a large write-off from the cost of moving the company headquarters from Topeka to Dallas."

Brock said the company has "usually lost money in the fourth quarter, but this fourth quarter was worse than usual."

Turnaround is expected in the first quarter of 1983, he said, when substantial improvement is expected from the ShowBiz Pizza Place restaurants. However, Brock says that the company does not expect the first quarter to compare favorably with the first quarter of 1982 which was the last good quarter for the company before the recession started "an accelerating erosion of sales. . . ."

Both ShowBiz and hotel sales improved in February,and Brock expects the company to improve sales and revenues rapidly in the last half of 1983.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Beefsteak Charlie's | 12 wks. | 1/22 | | | $ 21.883 | 4.2 | $333,000 | (63.6) |
| Restaurant Assocs. | 13 wks. | 1/1 | | | 27.441 | 12.1 | $596,000 | 49.7 |
| | 12 mos. | | | | 104.762 | 5.6 | 1.954 | (40.4) |
| Bonanza Int'l | 12 mos. | 12/26 | | | 21.449 | 19.5 | $835,000 | |
| Sonesta Int'l Hotels | 13 wks. | 12/31 | | | 17.725 | (8.8) | (2.332) | |
| | 12 mos. | | | | 80.053 | 3.6 | $ 73,000 | |
| Horn & Hardart Co. | 13 wks. | 12/25 | $ 71.881 | 54.9 | | | 2.716 | 75.4 |
| | 12 mos. | | 235.385 | 41.6 | | | 6.603 | 26.2 |
| Pizza Inn Inc. | 13 wks. | | | | 234.942 | (0.3) | $476,000 | 1486.6 |
| | 12 mos. | | | | 140.539 | 12.4 | 1.701 | 21.5 |
| Marcus Corporation | 12 wks. | 2/3 | | | 22.817 | 12.2 | $755,000 | 96.6 |
| | 36 wks. | | | | 76.175 | 5.0 | 4.771 | 8.2 |
| Max & Erma's | 12 mos. | 10/31 | 12.404 | 13.9 | | | $234,333 | 374.0 |
| Shoney's Inc. | 13 wks. | 2/20 | | | 108.370 | 26.0 | 5.142 | 4.2 |
| Lackmann Foodservice | 6 mos. | 12/31 | 6.939 | 13.8 | | | | |
| Winners Corp. | 3 mos. | 12/31 | 20.430 | 5.9 | | | $664,000 | 44.0 |
| | 12 mos. | | 83.088 | | | | 2.164 | 14.2 |
| Acapulco y Los Arcos | 13 wks. | 1/30 | 8.39 | | | | (270,000) | |
| | 12 mos. | | 37.1 | | | | | |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# U.S. profits decline in '82 for Trusthouse Forte

LONDON—Operating profits for Trusthouse Forte's hotel and restaurant operations in the United States dropped to $13.9 million from $16.1 million for fiscal 1982 compared with the previous year.

Lord Forte, the company's chairman, conceded at a press conference that his firm has not made much progress in this country but said the United States market remains the chain's second most important expansion target after Britain.

Trusthouse Forte is Britain's largest hotel and catering company, operating about 900 hotels and 3,000 restaurants and catering facilities on five continents.

In the United States, the company's holdings include California-based Colony Foods and TraveLodges as well as such upper-end hotels as the Westbury in New York, the Plaza Hotel in Philadelphia, the Plaza of the Americas in Dallas and several other projects under renovation and construction in such cities as New Orleans, Miami and New York.

Trusthouse Forte P.L.C., the London-based parent company, earned a total of 46.8 million pounds in 1982, a 5.9% increase from 44.2 million pounds the previous year. Sales rose 8.3% to 915 million pounds. (A British pound was worth $1.52 on Feb. 23.)

## Bob Evans Farms net rises 17%

COLUMBUS, Ohio—Bob Evans Farms Restaurants reported a 13% rise in net income to $1.7 million on an 11.6% increase in sales to $25 million for the three months ended Jan. 28 compared to the same period a year earlier.

For the first nine months of fiscal 1983, the family restaurant chain showed a 9% increase in net income to $6.3 million on a 14% rise in sales to $78 million compared with the year-earlier period.

At the end of the quarter, there were 90 Bob Evans Farms restaurants, 13 more than the same time last year. Most of the earnings increase came from the new restaurants, according to Daniel Evans, chief executive.

Bob Evans Farms Inc., which also runs a sausage division, reported a 7% drop in total net income to $3.7 million on a 3% rise in sales to $48.6 million in the first quarter compared to the same period a year ago.

## '82 earnings increase 11% at Godfather's

OMAHA—Godfather's Pizza reported net income for the fiscal year ended Jan. 2 increased more than 11% to $6,025,861.

Revenues for the year went up more than 13% to $40,234,873.

In the 13-week fourth quarter, profits were $2,013,329 on revenues of $10,439,734. For the 14-week fourth quarter of the previous fiscal year, profits were $1,701,967 on revenues of $11,072,589.

Godfather's added 32 franchised and three company-owned restaurants during the fourth quarter. As of February there were 776 total restaurants—720 franchised and 56 company-owned—in 41 states.

*NRN's* Fourth Annual
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## Weekly unit sales fall 20% at Pizza Time Theatre

SUNNYVALE, Calif.—Pizza Time Theatre Inc. has posted an interim financial report showing a 20% decline in average weekly unit sales for the first eight weeks of fiscal 1983, compared to the same period last year. Revenues for the period, which began last Dec. 31, were $18.1 million vs. $9.6 million in the first eight weeks of 1982.

The company also anticipated that earnings per share for first quarter 1983 will be lower than last year. Pizza Time stock dropped $2 a share on the day the earnings forecast was released last month, closing at 16½. Last year, first-quarter earnings were $1.7 million.

The company expected to open 10 new company outlets and nine franchised units in the first quarter which ended March 24. Last year Pizza Time grew to 204 units vs. 88 at the end of 1981.

## Luby's up 17% in 2nd qtr.

SAN ANTONIO—Luby's Cafeterias reported net profits increased 17% to $3 million for the second quarter ended Feb. 28 compared to the year-ago period.

Revenues increased 9% to $33.3 million compared to the year-ago period.

For the six-month period, net profits rose 21% to $6.2 million and revenues rose 10% to $67.3 million.

A headline in *Nation's Restaurant News*, March 14, incorrectly said that Luby's second quarter earnings would decline.

## Hilton Hotels profits down 26% for '82

BEVERLY HILLS, Calif.—Hilton Hotels Corp. reported that for the year ended Dec. 31 net profit declined 26% compared to 1981 to $83.4 million.

Revenues edged up 1% to $620.5 million from 1981 to 1982.

The profit dip was the first since 1976. The lodging company's overall occupancy rate fell to 62% during 1982, down from 67% in 1981. Its hotels had an occupancy rate of 60%, down from 64%, and its hotel-casinos had a 72% occupancy rate, compared to 81% in 1981.

For the fourth quarter, net profit fell 36% to $18.8 million while revenues were down 3% to $152 million, compared to the same year-ago period.

## A. C. winnings increase 5.3%

ATLANTIC CITY—Total winnings at the city's nine casinos rose 5.3% to $106.4 million in February compared to $101 million in the same month a year earlier but dropped 12% from January's $120.6 million.

A snowstorm that struck the East Coast in Mid-February was blamed for the casinos' sluggish performance. Five casinos posted gains from February 1982 and four posted declines.

Golden Nugget had the best month with winnings rising 44% to $15.9 million. Playboy reported the sharpest decline; winnings there dropped 15% to $8.7 million.

Casino winnings are defined by the industry as gambling revenues before wages, taxes and other expenses. Winnings rose 33% in January and 35% in December from the year-earlier months.

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## CASINO FOOD SERVICE: ATLANTIC CITY

***Restaurants feasting on high volume—Pp. 29-***

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*Operators face costly legal battles as . . .*

# Trademark infringement conflicts proliferate

By Joe Edwards

NEW YORK—When Faith Stewart-Gordon found out the rumors were true—someone in southern California indeed was opening an unauthorized replica of her chic Manhattan restaurant, the Russian Tea Room—she ordered her lawyers to court to block the venture.

Like a growing number of independent and chain restaurant operators in recent years, Stewart-Gordon suddenly realized she was the victim of a popular ripoff: trademark infringement. Someone else was trying to capitalize on her restaurant's outstanding reputation.

"We kept hearing these rumors," she recalls. "People were saying, 'Oh, you're finally opening in Los Angeles. I hear you're opening in Beverly Hills.' We thought it was a joke."

But Stewart-Gordon, who has resisted requests over the years to duplicate the Russian Tea Room in other cities, wasn't laughing when she received a phone call in January 1982 from one of her purveyors.

The purveyor was checking on the credit of a group of men who were a few days away from the grand opening of a Russian Tea Room in Beverly Hills. Nervous and angry, Stewart-Gordon dispatched her lawyers to the West Coast to find out what was going on.

Sure enough, the lawyers found "three wise guys" with an ersatz Russian Tea Room designed to appeal to Hollywood glitterati and denizens of fashionable Beverly Hills. "It was quite a shock," Stewart-Gordon admits. "They duplicated our decor, our signs, everything. But the main thing was the use of our name.

"The culprits," she adds, "were taken to court and ordered to drop our name, which is trademarked both here and abroad. Expensive but necessary."

Judging from the number of cases similar to the Russian Tea Room incident, trademark infringement and copyright violations involving food-service establishments are becoming more common.

"I've certainly handled more cases like this recently," says Donald O. Jackson, a Washington lawyer who specializes in trademark infringement suits. "I find as the economy becomes more restrictive, people become more trademark conscious and there's more civil litigation in this area."

A variety of recent cases in the food-service industry—some involving unabashed theft of ideas and names, others more complex—bear out what Jackson is saying.

Independent operators find themselves fighting in court for the right to use their family names on restaurants. Large, multinational corporations sue undercapitalized entrepreneurs. Chains battle other chains over trademark rights. Executives quit their jobs and take restaurant design plans and recipes with them.

*(Continued on page 72)*

# Antitrust bill spells relief for industry franchisors

By Ken Rankin

WASHINGTON—Fast-food chains vulnerable to private damage suits for imposing allegedly anticompetitive "tying" purchase requirements on franchisees may be in for some relief under provisions of the Reagan Administration's new antitrust "reform" bill.

Among other things, that legislative proposal would prohibit "treble damage" awards in all private antitrust actions except those involving automatic or "per se" violations of Federal law. And "tying" or mandatory purchase requirements enforced by many industry franchisors would not be considered "per se" antitrust violations under the White House-backed reform measure.

Instead, the legality of these types of trade restraints would be judged on a far more flexible "rule of reason" under which franchisees seeking damages would not only have to prove that these requirements were imposed, but also that they result in an unrasonable anticompetitive effect.

Even if the courts find that a franchisor's tying purchase demands violate this standard, the victorious franchisee would no longer be entitled to treble damages under the Administra-

*(Continued on page 72)*

# *Longhi's: Operator strikes gold in remote paradise*

**Using his own recipes and a unique operational style, Bob Longhi grossed over $2½ million in 1982 at his 82-seat cafe.**

LAHAINA, Hawaii—If seven years ago some soothsayer had told Bob Longhi he would move to one of the most remote spots on Earth and there gross millions of dollars each year as a restaurateur, he would probably have had a good laugh.

In 1976 Longhi was, after all, head of a successful company, with 18 years experience selling insurance to corporate customers on the East Coast. True, he was an accomplished amateur chef/gourmet with culinary roots tapped deep into his Franco-Italian heritage. But his college days at Cornell were spent studying economics, not hotel and restaurant management.

Nonetheless, Longhi made a metamorphosis from three-piece suits to flip-flop sandals and floral shirts, and now runs one of the highest-grossing independent restaurants in the Hawaiian Islands. Last year, his casual little 82-seat cafe, Longhi's, grossed $2.6 million, and turned away business he estimates amounted to at least another $1 million.

*(Continued on page 14)*

# *Magic Pan rebounding under Bay Bottlers*

## Launches first Laredo's, new Tex-Mex concept

By Richard Martin

BREA, Calif.—Nine months after taking over from Quaker Oats, the new owners of Magic Pan have scored a bottom line turnaround and have opened the first unit of Laredo's, their new burger and chili "fixer" concept.

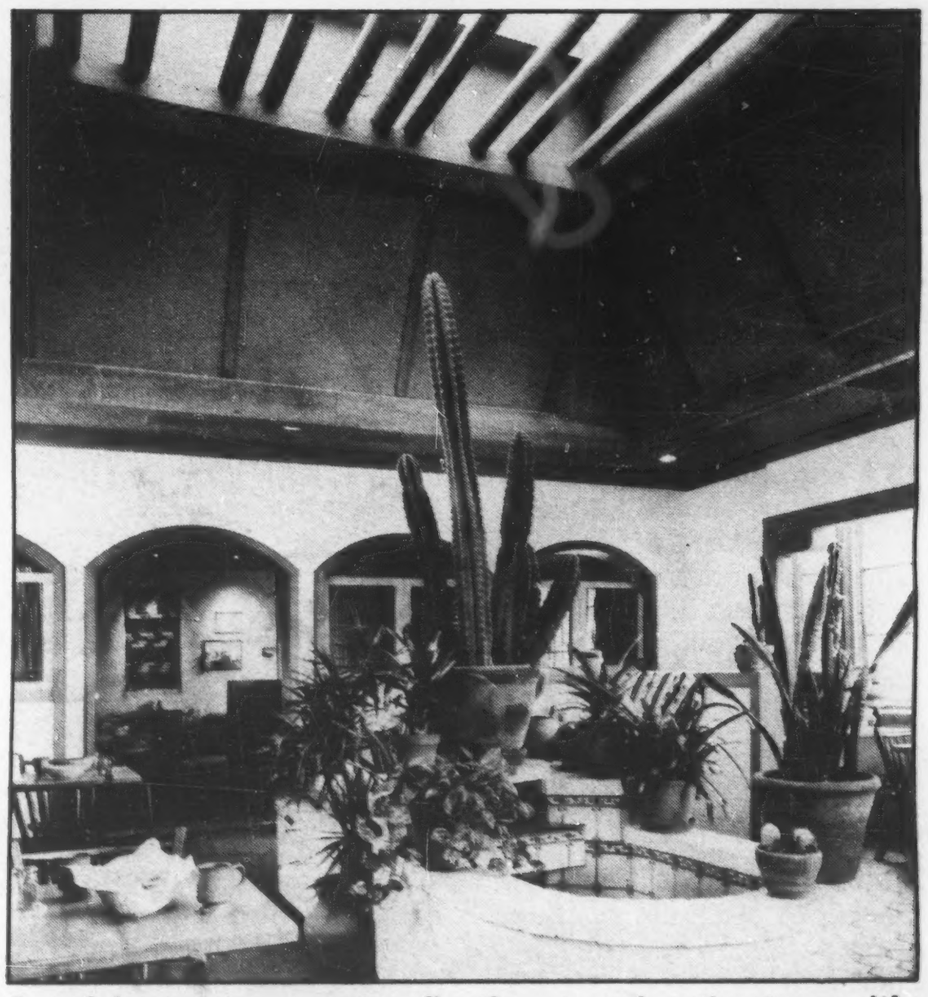
With 94 units, the chain of crepe restaurants showed a $4.2 million loss after the nine months ended March 1982 under Quaker Oats. For all of fiscal 1982, ended June 30 last year, losses were about $6 million on sales of approximately $77 million.

Under new owners Bay Bottlers Ltd. the company is about to report a $491,000 net profit on sales of $51.4 million for the first three quarters of fiscal 1983 ended last month, newly named president Tim Ryan told *Nation's Restaurant News*. (Ryan, former senior vp, had been acting as president.)

He reported that tighter controls, the disposal of marginal units and intensive marketing of a broader menu featuring $6.95 dinner specials helped bring on the dramatic reversal. The chain now comprises 80 restaurants.

Owners Charles Patel Sr. and son Chuck Patel were on hand this month along with the company's officers to launch Laredo's here in a converted Magic

*(Continued on page 72)*



**Laredo's prototype sports a Southwestern frontier decor with cactus plants, a Mexican-tiled fountain and skylight. The converted unit now seats about 105 patrons.**

## LATE NEWSBREAKS

**Chicago-based Consolidated Foods has acquired Standard Meat Co., Fort Worth, Tex., which had 1982 sales of $110 million, for an undisclosed amount of stock. Standard Meat will be part of Consolidated's $1 billion annual sales specialty meats division.**

**Atlantic City's nine casino-hotels combined net profits of $56.9 million on $1.7 billion revenues in 1982, compared with a combined net loss of $19.7 million in 1981. Tropicana, Claridge and Playboy, the city's newest casino-hotels, lost a total of $56.1 million in 1982. (See Focus Section.)**

**Marriott Corp. achieved a 14% net profit rise to $19.2 million and a 23% sales increase to $635 million for its first quarter ended March 31, compared with the same period last year.**

**Greyhound Corp. has agreed to acquire the 32-unit Phoenix-based Peter Piper pizza chain. It would be operated by Greyhound Food Management.**

FINANCIAL NEWS

# Marriott posts 10% profit gain for fiscal '82

WASHINGTON—Marriott Corp. reported a 10% rise in net income to $94.3 million on a 27% sales increase to $2.54 billion for 1982 compared with the previous year's results. Income from its four main operating groups rose 15% to $252 million.

A diversified hospitality company, Marriott owns, operates and franchises hotels, restaurants, airport shops, airport food stands, flight kitchens, theme parks, resorts, cruise ships, employee cafeterias, school cafeterias, and hospital kitchens. Marriott has more than 2,400 units.

Operating income for Marriott's restaurant group, which includes Roy Rogers fast-food restaurants, Bob's Big Boy coffee shops, and dinnerhouses with names such as Casa Maria and Charley Brown, rose 26% to $48.4 million on a 23% increase in sales to $547.4 million.

Restaurant results were aided substantially by the acquisition early in the year of Gino's, a Pennsylvania-based operator of fast-food restaurants and budget steakhouses, and Host International, whose diversified operations included about 50 dinnerhouses. Marriott is converting 179 Gino's to Roy Rogers and selling the others.

Marriott added about 175 restaurants to its system last year. It now owns and franchises 438 Roy Rogers; owns and operates about 50 dinnerhouses; owns and operates 197 Bob's Big Boy coffee shops and franchises 980 others nationwide, and operates a handful of other restaurants on toll roads and roadside sites on the East Coast.

Aided by room rate hikes and the addition of 9,000 rooms, Marriott's hotel group posted a 13% rise in operating income to $132.6 million on a 27% rise in sales to $1 billion.

A company report notes that Marriott reports total sales of its hotels, even though 78% of them are owned by others with Marriott collecting only management fees. If the company reported just the management fees as sales, hotel profit margins would have increased 37% in 1982.

Operating income for the contract food-service group rose 12% to $51 million on a 37% sales rise to $819.8 million. Most of the gains are attributable to the addition of Host airport terminal operations and improvements in Marriott's own airport terminal operations and its food-service management division.

Attendance at Marriott's two Great America theme parks dropped 20% last year but operating income increased 13% to $20 million due to the sale of property at the Santa Clara, Calif., theme park.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended April 8 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Aca Los A Res | ALAR | 5.13 | 5.00 | 5.13 | -.38 | -6.82 | 7.88 | 3.75 | -1.42 | .06 | -.91 | -33.20 | .05 | -.09 Q | -42.8 | -29.0 | .3 | 42.7 | .00 | .0 | 01-06-81 | 37.1 | .1 | 2.4 | 5.69 | 2.90 | 1081 |
| Am Motor Inns | INN | 30.38 | 28.88 | 29.13 | -1.00 | -3.32 | 31.38 | 15.88 | -.03 | -.30 | 4.63 | 37.41 | 2.10 | .45 S | 24.8 | 28.0 | 7.0 | 12.9 | .25 | .9 | 12-26-82 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 47.88 | 45.25 | 46.63 | .13 | .27 | 47.88 | 24.75 | .63 | -.24 | -.84 | 36.78 | 3.43 | -.36 Q | -9.4 | -8.0 | 1.4 | 13.6 | 2.00 | 4.3 | 02-23-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 21.00 | 17.50 | 21.00 | 1.50 | 7.69 | 22.38 | 5.00 | .30 | 4.93 | -1.09 | 10.52 | .58 | -.21 Q | -28.0 | -17.0 | 2.2 | 38.9 | .12 | .6 | 03-04-83 | 78.6 | 1.7 | 1.6 | 6.60 | 7.58 | 0982 |
| Beefsteak Char | BCS | 7.88 | 7.50 | 7.75 | .13 | 1.64 | 9.75 | 4.50 | -.83 | .37 | -4.63 | -8.31 | .88 | .17 Q | 26.1 | 38.0 | 3.6 | 9.5 | .00 | .0 | 00-00-00 | 99.0 | 3.6 | 1.2 | 1.49 | 3.09 | 1081 |
| Bob Evans Farms | BOBE | 26.25 | 25.00 | 25.00 | -1.00 | -3.85 | 29.06 | 14.66 | -.37 | -1.08 | 1.75 | 36.03 | 1.09 | -.03 N | -2.7 | 21.0 | 7.9 | 23.8 | .30 | 1.2 | 01-18-83 | 173.4 | 13.7 | 1.7 | .00 | 5.17 | 0482 |
| Bonanza Intl Inc | BNZA | 4.25 | 3.25 | 4.00 | .50 | 14.29 | 4.25 | 1.38 | .83 | 5.22 | 6.52 | 40.13 | .11 | 3.44 F | NE | -55.0 | 2.3 | 36.4 | .00 | .0 | 00-00-00 | 21.4 | .5 | 1.2 | 11.24 | 1.50 | 1281 |
| Brock Hotel Cp | BHC | 9.13 | 8.50 | 8.75 | -.13 | -1.41 | 17.50 | 7.50 | -.33 | .14 | -1.79 | 37.50 | .39 | -.15 F | -27.7 | 11.0 | 2.0 | 22.4 | .10 | 1.1 | 03-15-83 | 259.8 | 5.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 17.25 | 14.75 | 15.00 | .25 | 1.69 | 17.25 | 5.16 | .63 | -2.77 | 3.61 | 7.67 | .74 | .50 N | 119.0 | 9.0 | 3.2 | 16.3 | .20 | 1.3 | 01-27-83 | 37.0 | 1.2 | .6 | 1.01 | 1.51 | 0282 |
| Captain Crabs | CRAB | 4.00 | 3.75 | 3.75 | -.25 | -6.25 | 4.13 | 1.00 | -.22 | -1.50 | 3.90 | -4.90 | .00 | .00 Q | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Develop | CRL | 11.25 | 10.00 | 10.63 | -.25 | -2.30 | 11.50 | 3.34 | .34 | -1.41 | -3.70 | -10.98 | .44 | .40 N | 93.0 | 22.0 | 1.9 | 12.8 | .07 | .7 | 02-02-83 | 68.6 | 1.3 | .6 | 6.55 | 4.00 | 0582 |
| Chart House | CHHO | 26.88 | 24.25 | 25.13 | -2.00 | -7.37 | 28.13 | 17.25 | .07 | -.05 | .58 | -63.94 | 2.08 | .05 F | 2.4 | 13.0 | 4.9 | 12.1 | .60 | 2.4 | 12-27-82 | 382.0 | 18.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 23.63 | 20.88 | 23.63 | .88 | 3.85 | 26.88 | 8.75 | -.45 | 2.28 | 1.97 | -27.14 | .37 | .27 N | 90.0 | 26.0 | 11.1 | 41.4 | .00 | .0 | 12-20-82 | 40.5 | 4.5 | 3.1 | .74 | .82 | 0481 |
| Ch Full O Nut | CHF | 18.13 | 16.25 | 17.38 | .25 | 1.46 | 19.88 | 11.38 | .44 | -.67 | -4.15 | -54.88 | .34 | -.07 S | -14.5 | -11.0 | 1.4 | 42.4 | .40 | 2.3 | 12-09-82 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 39.75 | 38.63 | 39.25 | -.25 | -.63 | 40.75 | 25.00 | .37 | -.23 | -.38 | -5.91 | 3.28 | -.24 F | -6.8 | 15.0 | 10.1 | 12.0 | 1.00 | 2.5 | 01-24-83 | 413.1 | 41.6 | 1.8 | .93 | 17.60 | 1282 |
| Cindys Inc | CNDYC | 3.13 | 3.00 | 3.00 | -.13 | -4.00 | 3.88 | 2.63 | -.45 | -.84 | -.23 | 27.20 | -.06 | 1.37 F | NE | NE | -.6 | NE | .00 | .0 | 00-00-00 | 17.0 | -.1 | .0 | 7.17 | .29 | 1281 |
| Collins Foods | CF | 25.00 | 22.88 | 23.50 | .50 | 2.17 | 25.00 | 10.31 | .21 | .89 | -.35 | -17.68 | 1.69 | .53 N | 33.3 | 16.0 | 3.2 | 11.1 | .24 | 1.0 | 03-25-83 | 298.0 | 9.6 | 1.3 | 7.44 | 10.69 | 0482 |
| Consul Corp | CNSL | 13.63 | 12.38 | 12.38 | -1.25 | -9.17 | 14.13 | 5.88 | -.39 | -.79 | 1.48 | -9.82 | .00 | .16 N | 400.0 | NE | .0 | 61.9 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 25.75 | 25.25 | 25.50 | .00 | .00 | 26.75 | 8.75 | .63 | -.25 | 1.91 | -37.24 | 1.03 | .18 S | 17.8 | 19.0 | 3.7 | 21.4 | .00 | .0 | 00-00-00 | 35.4 | 1.3 | 1.9 | 5.35 | 6.69 | 0782 |
| Dennys Inc | DEN | 34.00 | 32.38 | 34.00 | 1.25 | 3.82 | 36.88 | 22.38 | .07 | .75 | .41 | -60.34 | 2.47 | .29 S | 12.7 | 9.0 | 3.9 | 13.3 | .64 | 1.9 | 03-04-83 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 20.63 | 19.13 | 20.63 | .75 | 3.77 | 21.13 | 9.91 | -.10 | .03 | .73 | 53.17 | 1.40 | .20 Q | 15.8 | 18.0 | 9.4 | 14.1 | .24 | 1.2 | 02-07-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 16.38 | 15.75 | 16.25 | .13 | .78 | 17.25 | 7.94 | -.10 | .30 | -6.80 | -23.68 | 1.80 | -.27 N | -15.0 | 12.0 | 3.8 | 10.7 | .40 | 2.5 | 03-29-83 | 101.0 | 3.8 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 21.63 | 19.63 | 20.50 | -.75 | -3.53 | 22.25 | 9.63 | .34 | .08 | 5.40 | 63.63 | .65 | .07 F | 12.0 | 121.0 | 14.9 | 31.5 | .00 | .0 | 00-00-00 | 40.2 | 6.0 | 2.0 | .76 | 1.01 | 1281 |
| Hambrg Hamlet | HAMB | 8.25 | 8.25 | 8.25 | .00 | .00 | 8.50 | 5.00 | .24 | .00 | 2.74 | -56.25 | 1.35 | .54 N | 93.1 | -8.0 | 3.2 | 7.4 | .00 | .0 | 00-00-00 | 31.6 | 1.0 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.13 | 1.13 | 1.13 | .00 | .00 | 2.88 | .88 | .77 | .28 | -10.46 | .00 | -2.22 | -5.08 N | -336.8 | -63.0 | -11.4 | NE | .00 | .0 | 00-00-00 | 30.6 | -3.5 | 1.4 | 18.38 | 8.12 | 0981 |
| Hilton Hotels | HLT | 45.75 | 43.00 | 45.50 | 1.00 | 2.25 | 52.00 | 27.63 | -.11 | .38 | 4.22 | -5.44 | 3.12 | -1.10 F | -26.0 | 17.0 | 13.4 | 14.6 | 1.80 | 4.0 | 02-28-83 | 620.5 | 83.4 | 2.0 | 4.48 | 19.98 | 1281 |
| Holiday Inns | HIA | 41.00 | 38.50 | 40.88 | 1.00 | 2.51 | 41.63 | 24.50 | .12 | 1.09 | -.13 | 33.86 | 2.50 | -.18 F | -6.7 | 13.0 | 6.8 | 16.4 | .84 | 2.1 | 03-14-83 | 1425.3 | 97.2 | .8 | 20.99 | 25.33 | 1281 |
| Holiday Inns A | HIA A | 61.00 | 58.75 | 60.50 | -.50 | -.82 | 61.00 | 38.38 | .31 | .25 | 10.98 | -7.69 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 26.50 | 24.38 | 24.50 | -1.13 | -4.39 | 29.00 | 13.06 | -.38 | -1.11 | 5.69 | -47.67 | 1.14 | .19 F | 20.0 | 30.0 | 2.8 | 21.5 | .00 | .0 | 09-27-82 | 235.4 | 6.6 | 1.7 | 11.45 | 6.30 | 1281 |
| Hungry Tiger | HTIG | 10.00 | 9.00 | 10.00 | .00 | .00 | 12.25 | 4.84 | -.72 | .10 | -.40 | 9.86 | .78 | -.07 S | -9.4 | 7.0 | 3.8 | 14.9 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 1.88 | 1.56 | 1.88 | .25 | 15.38 | 2.06 | 1.50 | -.34 | 4.00 | 2.47 | 8.18 | .24 | .00 F | .0 | 2.0 | 2.0 | 7.8 | .14 | 7.5 | 09-28-82 | 8462.9 | 171.0 | 1.1 | .65 | 2.08 | 1081 |
| Intl Dairy Queen | INDQ | 29.50 | 28.00 | 28.00 | -1.00 | -3.45 | 30.00 | 11.00 | .22 | -1.35 | .80 | 44.06 | 2.17 | .60 Q | 35.5 | 30.0 | 6.3 | 12.2 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 16.88 | 15.38 | 16.38 | -.13 | -.76 | 17.25 | 2.38 | .41 | .46 | 1.94 | 8.46 | .33 | 1.00 S | NE | .0 | 1.4 | 25.2 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 14.13 | 13.63 | 13.88 | -.25 | -1.77 | 14.50 | 5.75 | .13 | .21 | -2.65 | -2.78 | .93 | .27 S | 37.5 | 13.0 | 3.5 | 14.0 | .16 | 1.2 | 02-07-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 19.63 | 18.63 | 18.75 | -1.00 | -5.06 | 23.50 | 12.69 | -.70 | -.19 | 1.54 | 35.01 | 1.40 | -.16 S | -10.8 | 22.0 | 5.1 | 14.3 | .12 | .6 | 03-04-83 | 425.5 | 21.8 | .9 | 2.91 | 8.99 | 0682 |
| Kapok Tr Inns | KTI | 5.75 | 5.13 | 5.75 | .50 | 9.52 | 5.75 | 3.00 | .12 | .74 | 3.67 | 30.41 | -.37 | -.21 Q | NE | -46.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 14.00 | 12.38 | 12.38 | -1.75 | -12.39 | 24.50 | 10.34 | -.55 | -1.39 | .06 | 16.23 | .59 | .26 N | 72.2 | 98.0 | 8.4 | 20.0 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 24.00 | 23.25 | 23.25 | -.50 | -2.11 | 25.50 | 7.31 | .16 | -.54 | -.93 | -21.56 | 1.21 | 1.43 N | NC | 17.0 | 3.4 | 16.3 | .00 | .0 | 02-16-83 | 200.6 | 6.9 | 1.9 | 5.15 | 6.67 | 0182 |
| Lubys Cafe | LUB | 30.75 | 29.88 | 30.00 | -.50 | -1.64 | 32.59 | 20.50 | -.11 | -.46 | 2.03 | -30.76 | 1.35 | .18 S | 14.4 | 20.0 | 9.1 | 21.0 | .48 | 1.6 | 03-07-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0882 |
| Marcus Corp | MRCS | 10.88 | 10.00 | 10.00 | -.88 | -8.05 | 11.38 | 5.38 | -.33 | -.53 | -.42 | 34.51 | 1.13 | .06 N | 5.1 | 4.0 | 5.7 | 8.2 | .00 | .0 | 08-24-81 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 64.00 | 58.63 | 59.63 | -3.88 | -6.10 | 64.00 | 32.00 | .27 | -1.28 | 1.91 | 18.63 | 3.44 | .24 F | 7.5 | 28.0 | 3.7 | 17.3 | .36 | .6 | 03-21-83 | 2541.4 | 94.3 | .9 | 23.23 | 16.12 | 1281 |
| McDonalds Cp | MCD | 70.50 | 66.75 | 68.50 | -.88 | -1.26 | 71.50 | 43.09 | .05 | -.20 | -1.00 | -13.93 | 5.00 | .64 F | 14.6 | 17.0 | 10.9 | 13.7 | .88 | 1.3 | 10-15-82 | 2769.5 | 300.6 | .5 | 15.35 | 22.73 | 1281 |
| Morrison Inc | MORR | 20.00 | 19.25 | 19.25 | -.50 | -2.53 | 20.13 | 9.75 | .15 | -.59 | .05 | 9.86 | 1.16 | .31 N | 29.5 | 9.0 | 4.1 | 14.2 | .40 | 2.1 | 04-11-83 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 6.75 | 6.00 | 6.50 | -.50 | -7.14 | 7.00 | 1.75 | 2.58 | .40 | 5.55 | 37.25 | -.98 | -1.24 Q | -539.1 | -41.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 1.88 | 1.63 | 1.63 | -.25 | -13.33 | 2.50 | .72 | -.68 | -2.28 | -.82 | -30.19 | .03 | .80 N | NE | NE | .6 | 16.3 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles | NAUG | 22.00 | 21.00 | 21.00 | -1.00 | -4.55 | 23.75 | 7.69 | -.22 | -1.09 | -1.23 | -8.25 | .78 | .87 S | NC | 49.0 | 3.9 | 24.1 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 18.50 | 17.00 | 18.00 | 1.00 | 5.88 | 18.50 | 9.00 | .90 | -.50 | 1.78 | .00 | .69 | -1.05 F | -60.3 | -2.0 | .4 | 26.1 | .32 | 1.8 | 12-29-82 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 5.00 | 4.75 | 4.88 | .00 | .00 | 9.00 | 4.38 | -.24 | .00 | -2.81 | 29.12 | -.25 | -1.71 Q | -158.3 | -26.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 8.50 | 7.38 | 7.63 | -.75 | -8.96 | 9.88 | 3.88 | -.57 | -1.76 | -5.81 | -14.21 | .19 | .18 S | NC | 78.0 | 13.8 | 42.4 | .00 | .0 | 00-00-00 | 5.8 | .8 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 17.25 | 16.50 | 17.13 | -.50 | -2.84 | 18.13 | 13.50 | -.28 | .78 | -.37 | 7.18 | 1.39 | -.11 S | -7.8 | 12.0 | 5.9 | 13.2 | .56 | 3.3 | 03-09-83 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 10.25 | 9.88 | 9.88 | -.38 | -3.66 | 10.38 | 4.50 | .44 | -.79 | 1.06 | 14.64 | .61 | .11 F | 22.0 | -4.0 | 1.2 | 16.2 | .02 | .2 | 04-11-83 | 140.5 | 1.7 | .9 | 12.94 | 6.65 | 1281 |
| Pizza Time Thea | CHKY | 16.00 | 14.75 | 15.25 | .50 | 3.39 | 32.50 | 14.25 | -.92 | -1.23 | 1.30 | 23.05 | 1.27 | .69 F | 118.9 | 41.0 | 7.6 | 12.0 | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 3.2 | .81 | 7.87 | 131 |
| Ponderosa Sys | PON | 20.25 | 18.50 | 19.38 | -.88 | -4.32 | 21.25 | 9.34 | -.22 | -.26 | -.80 | -6.79 | 1.34 | .66 N | 69.4 | -6.0 | 2.4 | 12.0 | .33 | 1.7 | 03-04-83 | 353.9 | 8.5 | 1.0 | 13.32 | 11.23 | .82 |
| Ramada Inns | RAM | 8.50 | 7.13 | 7.38 | -.63 | -7.81 | 8.50 | 4.25 | .30 | -1.31 | -1.11 | 1.12 | -.73 | -.77 F | -925.0 | -29.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 548.3 | -19.8 | .6 | 18.98 | 6.03 | 1281 |
| Restaur Assc | RA | 8.63 | 7.63 | 8.38 | -.13 | -1.47 | 9.00 | 3.25 | .35 | .51 | -2.13 | 17.26 | .78 | -.19 F | -19.5 | 43.0 | 1.8 | 10.7 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.3 | 3.17 | 6.38 | 1281 |
| Ryans Fam Steak | RYAN | 39.00 | 34.50 | 36.75 | 2.50 | 7.30 | 39.00 | 6.16 | 1.84 | -1.26 | 2.45 | -44.74 | .65 | .65 F | NC | 75.0 | 10.6 | 56.5 | .00 | .0 | 01-20-83 | 9.4 | 1.0 | 3.1 | .69 | 3.22 | 1282 |
| Saga Corp | SGA | 51.25 | 47.13 | 50.00 | 2.75 | 5.82 | 51.25 | 23.88 | .46 | .01 | -2.76 | -69.96 | 3.35 | .78 S | 25.2 | 41.0 | 1.9 | 12.9 | .72 | 1.4 | 02-14-83 | 901.0 | 16.8 | .9 | 8.51 | 17.72 | 0682 |
| Sandwich Chef | SHEF | 14.50 | 14.25 | 14.50 | .25 | 1.75 | 15.50 | 11.50 | -.15 | .07 | 5.98 | -69.53 | .77 | .76 S | NC | 26.0 | 4.7 | 19.1 | .00 | .0 | 00-00-00 | 17.0 | .8 | .6 | .50 | 3.42 | 0682 |
| Sea Galley | SEAG | 8.38 | 8.00 | 8.38 | .25 | 3.08 | 10.63 | 5.50 | -.20 | .98 | -2.35 | 25.14 | .02 | -.66 F | -97.0 | -11.0 | .1 | 418.8 | .00 | .0 | 06-02-81 | 70.1 | .1 | 1.8 | 2.38 | 4.99 | 1281 |
| Servico Inc | SRVI | 14.50 | 14.00 | 14.00 | -.50 | -3.45 | 16.00 | 7.03 | -.27 | -.52 | -1.42 | -5.64 | 1.54 | -.82 N | -43.6 | 61.0 | 3.5 | 13.2 | .00 | .0 | 07-09-82 | 126.4 | 4.4 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 26.63 | 25.75 | 26.00 | .25 | .97 | 27.00 | 11.81 | .36 | .12 | 2.26 | 38.69 | .92 | .15 F | 19.4 | 21.0 | 5.3 | 28.3 | .15 | .6 | 03-11-83 | 337.4 | 17.8 | 1.0 | 1.48 | 3.77 | 1081 |
| Skippers | SKIP | 15.25 | 11.75 | 15.25 | 2.50 | 19.61 | 15.25 | 4.75 | 1.14 | 3.23 | 3.68 | 4.69 | .72 | .42 Q | 71.1 | 14.0 | 2.6 | 15.1 | .08 | .5 | 10-18-82 | 38.1 | 1.0 | 1.2 | 3.45 | 6.07 | 1281 |
| Sonesta Hotel | SNSTZ | 16.00 | 15.50 | 15.50 | .00 | .00 | 16.50 | 8.50 | -.29 | -.59 | -1.22 | -44.12 | .94 | -.70 N | -40.2 | 39.0 | 1.4 | 14.9 | .20 | 1.3 | 06-25-82 | 145.0 | 2.1 | .9 | 27.74 | 10.01 | 1281 |
| So Hospitality | SHOS | 6.25 | 5.75 | 5.75 | -.38 | -6.12 | 6.25 | 1.13 | .14 | -1.47 | -.17 | -25.38 | .14 | .21 N | NC | 25.0 | 2.5 | 27.4 | .00 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 5.50 | 5.13 | 5.13 | -.13 | -2.38 | 5.50 | 2.50 | 1.17 | -1.50 | 4.70 | -28.88 | .18 | .12 F | 200.0 | -28.0 | 1.4 | 28.5 | .00 | .0 | 05-17-79 | 57.2 | .8 | 1.2 | 4.60 | 2.60 | 0981 |
| Victoria Stations | VSTA | 9.25 | 8.38 | 8.50 | .00 | .00 | 10.50 | 5.00 | .27 | -1.25 | 2.09 | -42.67 | .35 | -1.05 N | -875.0 | -41.0 | 1.0 | NE | .00 | .0 | 09-19-79 | 123.4 | 1.2 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 17.88 | 16.38 | 17.75 | .75 | 4.41 | 18.00 | 9.59 | .23 | .55 | -3.79 | -1.14 | 1.13 | .12 F | 11.8 | 18.0 | 7.3 | 15.7 | .24 | 1.4 | 02-22-83 | 607.6 | 44.1 | .6 | 2.56 | 5.27 | 1281 |
| Webb Del E | WBB | 15.38 | 13.00 | 14.00 | -1.38 | -8.94 | 15.88 | 5.88 | .27 | -.07 | -.81 | -20.74 | -.11 | .47 F | NE | -25.0 | -.4 | NE | .00 | .0 | 11-07-80 | 311.2 | -1.1 | 1.1 | 16.12 | 13.25 | 1281 |
| Western Steer | WSMP | 12.00 | 11.00 | 12.00 | 1.00 | 9.09 | 12.00 | 8.00 | .50 | 1.73 | 1.76 | 7.05 | 1.06 | 1.13 N | NC | 9.0 | 3.7 | 10.6 | .12 | 1.0 | 12-08-82 | 27.3 | 1.0 | 1.3 | 6.97 | 6.29 | 0282 |
| Winners Cp | WNER | 13.25 | 12.75 | 12.75 | -.13 | -.97 | 14.63 | 6.56 | -.20 | .02 | .55 | -24.37 | .62 | .12 F | 24.0 | 7.0 | 2.6 | 20.6 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .3 | 10.03 | 5.32 | 1281 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# W. R. Grace restaurant group reports increased net, flat sales

NEW YORK—W. R. Grace reported an $8.5 million net after-tax 1982 operating profit for its restaurant group, a sharp increase from 1981's $2.5 million. But sales for the group's 607 restaurants were relatively flat, up from $598 million to $634 million.

Net profits of the restaurant group were 2.7% of the corporation's reduced $319.5 million for 1982, while sales were 11% of a reduced $6.1 billion.

A spokesman for the Grace restaurant group attributed the profit gains partly to overhead savings achieved in a reorganization of Grace's Far West Services. One central staff was created out of two as Grace's coffee shops, Coco's and Jojos, were placed under a unified management.

"Strong performances" by Grace's El Torito-La Fiesta-Tequila Willie's restaurants and Gilbert/Robinson (Houlihan's) and "a positive contribution" by Del Taco were also reported.

Grace's report emphasized the creation of a new fast-food division headed by Lou Neeb. This division consists of Del Taco Mexican fast-food units "as well as several other fast-food concepts in the development stage," the report said.

Anwar Soliman, restaurant group chief executive, emphasized that Grace plans to become a fast-food leader.

# Bonanza profits bounce back

DALLAS—Bonanza International, franchisor of 577 budget steakhouses, reported a profit of $835,000 for the year ended Dec. 26, 1982, compared with a loss of nearly $15 million the previous year.

Revenues for the year dropped 11% to $24.1 million, a decrease which president Jeff Rogers attributed to the shrinkage of the system from 688 units in 1980 and 630 in 1981 to the current number by the end of last year.

The company also acknowledged that its principal owner, Sam Wyly, is abandoning an attempt to revert to private ownership. Wyly, Bonanza's chairman of the board, withdrew his offer to buy out the outside shareholders—who own 46% of the company—with an 11%, $4 subordinated debenture for each share of common stock.

Bonanza's test of an Italian dinnerhouse concept has apparently produced satisfactory results. The company is now negotiating the sale of the concept, Pane Vino, People's Restaurants—itself another Bonanza spinoff.

The company also plans to develop a barbecue restaurant concept during the next few months. The first few units, a spokesman said, will be installed in closed Bonanza units.

He has often said Bonanza should improve the overall viability of its system by cracking down on franchisees who, in the company's belief, have allowed their standards to drop and thus are not contributing fully to the Bonanza system.

## Horn & Hardart calls in debentures

NEW YORK—Horn & Hardart is calling in $35 million worth of convertible debentures to swap them for cash or stock.

By converting the debt to equity, the company will improve its balance sheet and save annual interest payments of $2.4 million after taxes.

# Pizza Inn net jumps 22%; eyes overseas expansion

DALLAS—Pizza Inn, after boosting pretax earnings by 33% in 1982 with the help of a new deep-dish pizza item, has begun overseas expansion through licensees into the Far East and Persian Gulf regions.

Net profits for the company were up 22% to $1,701,000 for the year ended Dec. 26. Average unit sales rose by 12% during the year, when revenues totaled $140,539,000, up from $138,814,000 in 1981. Pizza Inn franchises about 54% of its 745 units operating in 32 states.

While domestic expansion in 1982 was nil, groundwork was being layed for development of up to 21 Pizza Inn units in Hong Kong and Guam over the next two years. An additional 20 units will be built over the same period in Kuwait, Saudi Arabia, Bahrain, Qatar and the United Arab Emirates, with the first two in the region scheduled to open this month.

F. J. Spillman, Pizza Inn's board chairman and president, further indicated that negotiations are currently under way with prospective licensees in Western Europe and Japan.

The exclusive licensing agreement with Top Enterprises Ltd. for Hong Kong and Guam was completed late last month, Spillman said. Earlier, Pizza Inn had concluded its deal with Alkazemi Food Co. for the Persian Gulf development.

Royalties to Pizza Inn from sales in the foreign outlets will be on a sliding scale of 4% from the initial units built, to 2% from additional units beyond an undisclosed number of stores.

Last year's fourth-quarter results showed significant gains for the company. Net earnings in the period were $476,000 on revenues of $34,942,000, compared to a net of $30,000 on revenues of $35,062,000 in 1981's closing quarter.

"Our earnings improvements result from the culmination of a number of programs directed at improving product quality, developing stronger management, maximizing efficiencies and broadening consumer appeal," Spillman said. He indicated menu price hikes had been held to about 2%-3% last year, translating into a real sales gain in the range of 9%-10%.

"Improved operating efficiencies are principally responsible for a reduction in cost of goods as a per cent of total revenues," said Spillman. "Consumer acceptance of our new 'Pizza Inn Pan Pizza' has been exceptional," he added.

Sales from the new product already account for approximately 37% of total sales.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Pillsbury Co. | 13 wks.<br>9 mos. | 2/28 | $903.900<br>2.695B | 9.8<br>8.6 | | | $ 29.100<br>85.400 | 8.1<br>(11.8) |
| Chi-Chi's Inc. | 13 wks.<br>9 mos. | 1/31 | | | $ 24.612<br>68.803 | 95.0<br>108.9 | 2.069<br>6.495 | 209.3<br>109.3 |
| Shoney's Inc. | 16 wks. | 2/20 | | | 108.370 | 25.9 | 5.142 | 4.2 |
| Southern Hosp. | 13 wks.<br>6 mos. | 2/28 | | | 6.480<br>18.733 | 33.6<br>27.2 | $181,618<br>$596,114 | 151.3<br>149.6 |
| Hungry Tiger Inc. | 12 wks.<br>24 wks. | 2/18 | 12.999<br>25.616 | 6.5<br>5.5 | | | $459,000<br>$585,000 | (2.3)<br>(30.0) |
| La Quinta Motor Inns | 13 wks.<br>9 mos. | 2/28 | | | 24.507<br>82.839 | 5.3<br>10.7 | 1.675<br>9.956 | (26.5)<br>17.5 |
| Esteban's Mex. Foods | 12 mos. | 12/25 | 6.896 | 31.0 | | | ($505,670) | |
| Morrison Inc. | 13 wks.<br>39 wks. | 2/26 | | | 104.144<br>310.992 | 15.5<br>17.5 | 4.468<br>13.079 | 22.1<br>20.6 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

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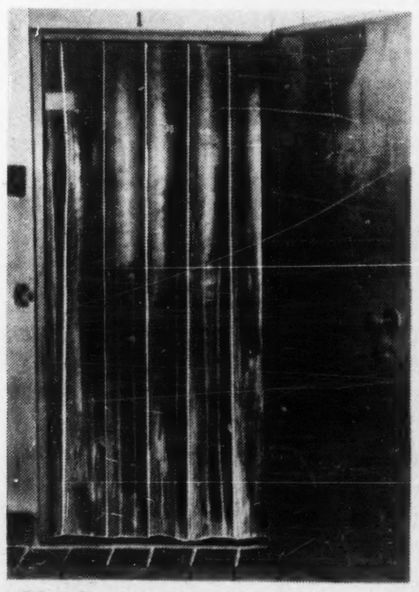

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# Recycling: Old units reborn as new concepts

**By Donald Frazier**

Converting an old, outmoded concept into a new, exciting one has always been one of the independent restaurateur's favorite tactics to adjust to a changing market.

But now, many large national restaurant companies saddled with unprofitable units have discovered they, too, can do the same thing—albeit on a much larger scale.

Dubbed "recycling," this strategy has emerged over the last few years as a way to take advantage of established locations while avoiding the high costs of developing a new unit from scratch.

Companies as diverse as Chart House, Ponderosa, Bonanza and Sambo's have all created new concepts out of the ashes of old ones in recent years.

People's Restaurants, for example, was designed as a replacement for the Bonanza format in markets where it had become nonviable. Chart House created its new Mexican dinnerhouse concept, Cisco's Cafe, as a way to profitably use its Cork 'N Cleaver steakhouses where high prices had driven customers away.

The most prominent example of recycling among restaurant chains is Sambo's. In the 18 months since its bankruptcy and subsequent reorganization, the company has converted almost the entire system, over 600 units, to two new concepts, Pleaser's and Season's.

Recycling may become even more important in the future than it is now. Most operators recognize that today's success can become tomorrow's liability, and have begun to design buildings which can be easily converted to another format when the market changes.

The Chi-Chi's concept, for example, involves a design which can easily become something besides another Mexican dinnerhouse. The casual theme Bennigan's Taverns were also designed so that the units can be inexpensively altered.

*(Continued on page 200)*

*Under new franchise agreement . . .*

# HoJo, Burger King team up on toll roads

**By Charles Bernstein**

MIAMI—Howard Johnson executive vice president Thomas Russo and Burger King chairman Norman Brinker signed a development agreement here last month for HoJo to be the exclusive Burger King franchisee in HoJo's nine-state toll road area and for any other toll road contracts obtained. (See Editor's Corner, Page 6.)

HoJo has 87 service plaza turnpike restaurants among its 800 restaurants and would like to diversify and expand this profitable segment of its food service. (A related story on motorist's increasing preference for fast food on turnpikes appears on page 82.)

The signing climaxed weeks of intense negotiations between HoJo and Burger King officials in a mutually beneficial deal. It represents the first really dramatic HoJo step taken since G. Michael Hostage assumed the presidency of the British conglomerate Imperial Group's Boston-based division from Howard B. Johnson 18 months ago.

"This gives Howard Johnson a quality fast-food vehicle for the toll roads," noted Brinker. "The toll road consumer wants quality fast food, and this is why we are pushing in this direction." (Burger King has launched two toll road units in Tennessee through its new Truck Stops of America franchisee.)

The agreement gives HoJo far more flexibility and bargaining power in bidding for toll road contracts since it can now project Burger King fast-food units as well as HoJo full-service restaurants, cafeterias and snack bars to give toll road travelers a wide choice.

For Burger King, the pact is a dramatic move into an area where McDonald's, Hardee's, Sky Chefs and others have been trying to gain headway. Certainly with consumers indicating they often view toll road food service as a "pit stop" and with highway travel moving back toward its previous peaks, the fast-food turnpike decision makes sense.

*(Continued on page 200)*

**Present at the signing in Miami were (standing, left to right) BK chairman Norman Brinker, HoJo group vp John Delahunt, (seated, left to right) BK president Jerry Ruenheck, and HoJo exec vp Thomas Russo.**

# McD testing nonburger walkup unit

**By Joe Edwards**

MINNETONKA, Minn.—McDonald's is testing a new snack stand concept called McDonald's McSnack at the Ridgedale Shopping Center in this Minneapolis suburb. The low-investment walkup counter features quick-serve finger foods and desserts.

Though signs on the 500-sq.-ft. unit contain McDonald's logo and employees answer the phone with a typically cheery, "Hello, McDonald's," the unit does not have any seats and, more importantly, does not serve any hamburgers.

McSnack's menu does feature some traditional McDonald's products, including french fries, Chicken McNuggets, fruit pies, soft ice milk, sundaes, shakes, cookies, soft drinks and breakfast items.

The quick-service stand occupies a small storefront space at the shopping center, which is anchored by a large Dayton's department store. The center is open seven days a week.

It is believed by some industry observers that McDonald's is testing McSnack, with its low overhead and startup costs, to develop a concept that could be

*(Continued on page 200)*

# Pier House discovers the key to success

**By Charles Bernstein**

KEY WEST, Fla.—A resort-restaurant complex at the southern tip of this idyllic southernmost key is churning out $10.5 million total sales on only 120 rooms and a bevy of restaurants and bars.

A full $6 million is in food and beverage, and the $4.5 million room revenues are yielding one of the highest returns per room (based on a daily $130 to $180 peak season room rate) of any hotel—$34,000 a room annually. An overall 92% occupancy rate—close to 100% in the peak winter season and perhaps 80% in the off-season—keeps things humming.

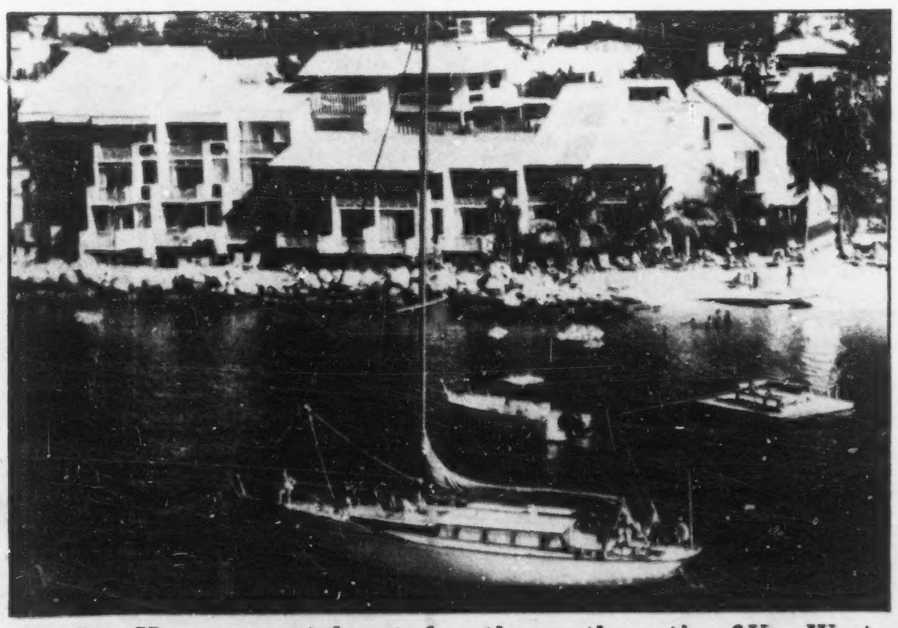
This Pier House resort is outdistancing many larger competitors on the lucrative tightly knit key with a combination of individual room and food merchandising and maximum service. With 29 supervisors, 160 food and beverage workers and 130 hotel employees at the Pier House Inn, there are actually at least three employees for each guest.

Individual promotional touches abound, such as waitresses carrying menu boards around the grounds inviting and urging customers to try the restaurant. Young talented graduates of the Culinary Institute of America can be found in major kitchen slots.

Just three years ago, the Pier House was going nowhere in particular. Total volume was only $4 million for the whole complex. But developers saw an opportunity, and a partnership of RAHN Properties, Fort Lauderdale, and Jacobs, Visconsi and Jacobs, Cleveland, acquired ownership. They brought in Peter Henry, an enterprising hotel and food-service veteran from Marriott Hotels, as general manager.

Henry carried out a one-year $5 million total facelift on the rooms and restaurants. Individual touches were added to

*(Continued on page 197)*



**The Pier House resort, located on the southern tip of Key West, is churning out $10.5 million in total sales.**

## LATE NEWSBREAKS

**Burger King has promoted Larry Kohler to operations executive vice president and Kyle Craig to executive vice president for marketing and communications. Kohler, 37, had been senior vice president for BK's pivotal Southeast-East division while Craig, 35, was marketing senior vice president. Both executives and chief financial officer Herbert Ihle, also an exec vp, will report to Burger King president and chief operating officer Jerry Ruenheck.**

**Holiday Inns reported a 9.1% net profit drop to $22.4 million on a 5% revenues increase to $349 million for the first quarter ended April 1, compared with the same period last year.**

**Jerrico, operator of 1,296 Long John Silver's fast-food seafood shoppes, achieved a 10% net profit gain to $4.5 million for the third quarter ended March 31, compared with the same period last year. Third-quarter revenues were up 6% to $109 million.**

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# Small chain sales gains outpace giants: study

By Ken Rankin

WASHINGTON—Small multiunit food-service operators with 10 or fewer outlets are giving the nation's large and midsize restaurant chains a run for their money, according to a new Government report on "American Eating Places."

Although the United States market share controlled by food-service "chains" (with 11 or more nonfranchised outlets) has tripled from 11% to 33% over the past two decades, smaller multiunit restaurateurs have posted even stronger sales-per-unit gains since 1977, the study found.

Over the past five years the smallest multiunit operators (those with two to four outlets) "experienced the greatest increase in average sales per establishment [up 77%], followed by firms with four to 10 outlets [65%]," according to new restaurant industry estimates released by the Agriculture Department's Economic Research Service.

In contrast, per-unit sales among chains with 11 or more restaurants rose at a somewhat slower (62%) clip between 1977 and 1982, while the increase for single unit independents was 54%, the report noted.

"The exceptional rate of increase in per-establishment sales of firms with two to 10 outlets may have been due to their ability to draw customers by projecting a unique restaurant personality, motif, or theme," U.S.D.A. researchers said.

In addition, multiunit operators with no more than 10 outlets are more flexible than their larger chain competitors, they reasoned.

While "they are large enough to gain advantage of size in purchasing and advertising," these operations remain "small enough to exercise direct control over each of their outlets and adapt quickly to changing market conditions and consumer preferences," the report noted.

In contrast, the U.S.D.A. researchers concluded the 54% average per unit sales gain attributed to single-outlet independents during the past five years may actually overstate the real growth performance of this segment.

Significantly, the study defined fast-food franchisees "affiliated with but not owned by McDonald's, Burger King . . . Wendy's" and other chains as independents rather than multiunit outlets.

The slower-than-average per-unit sales growth posted by single-outlet independents during the last five years is a sharp reversal of the trend from 1963-1977 when these small independents were outperforming chains in terms of sales growth per establishment, the report found.

Over the longer haul, the report—prepared by U.S.D.A. researchers Michael Van Dress and Judith Jones Putnam—con-

*(Continued on page 200)*

## *Slower growth, saturation predicted*

Although consumers probably will continue to earmark a growing portion of their food dollar to eating out as "real" personal income rises in the future, "the food-service industry's rapid rate of expansion since the early 1960's appears to be yeilding to one of slower growth, and, in some areas, saturation."

That semigloomy long-range outlook reflects the latest thinking among Agriculture Department economists who recently completed an in-depth review of "American Eating Places" for the Department's Economic Research Service.

U.S.D.A. officials attribute the recent slowdown in overall food-service growth to "higher food, labor, and energy costs" since 1975 which have sent average menu prices rising 67% (vs. the 54% inflation rate for at-home foods).

"In addition, the increased costs of other goods and services, such as housing and medical care, which compete with food-away-from-home for the consumer's dollar, also may have slowed the growth of the food-service industry," the researchers said. "In fact, sales at eating places in 1980 and 1981, after adjusting for inflation, fell below 1979 sales."

Although "real" sales rose slightly during the first half of last year, the restaurant industry's inflation-adjusted dollar volume is still below the 1979 level.

"Industry strategy in the face of slower growth is likely to include price cutting; bigger advertising budgets for coupons, games, premiums, and other promotions; innovative menus; remodeling of store interiors; and an increase in mergers and acquisitions," U.S.D.A. predicted. "As competition for the consumer's dollar intensifies an increase in head-to-head advertising may be expected."

## *20 YEAR FOOD-SERVICE TRACK RECORD*

| Food-service Segment | 1963 | 1967 | 1972 | 1977 | 1982 |
|---|---|---|---|---|---|
| | (% of units) | | | | |
| Fast food restaurants | 21.9 | 28.8 | 37.5 | 42.3 | 45.3 |
| All other eating places | 78.1 | 71.2 | 62.5 | 57.7 | 54.7 |
| | (% of sales) | | | | |
| Fast food restaurants | 14.6 | 19.0 | 30.3 | 37.6 | 38.7 |
| All other eating places | 85.4 | 81.0 | 69.7 | 62.4 | 61.3 |
| | (sales per unit x $1,000) | | | | |
| Fast food restaurants | 49 | 63 | 114 | 204 | 280 |
| All other eating places | 81 | 108 | 156 | 247 | 367 |
| Firm Size | (% of units) | | | | |
| Single unit | 90.8 | 90.4 | 85.3 | 80.0 | 76.4 |
| 2 to 3 units | 4.0 | 3.0 | 4.0 | 3.9 | 3.9 |
| 4 to 10 units | 1.4 | 1.6 | 2.4 | 3.3 | 3.9 |
| 11 or more units | 3.8 | 5.1 | 8.4 | 12.8 | 15.8 |
| | (% of sales) | | | | |
| Single unit | 80.4 | 77.4 | 65.9 | 59.5 | 52.5 |
| 2 or 3 units | 5.8 | 5.3 | 6.3 | 6.8 | 7.1 |
| 4 to 10 units | 2.9 | 3.7 | 4.7 | 6.1 | 7.2 |
| 11 or more units | 11.0 | 13.6 | 23.2 | 27.6 | 33.2 |
| | (sales per unit x $1,000) | | | | |
| Single unit | 55 | 68 | 93 | 146 | 225 |
| 2 to 3 units | 91 | 142 | 189 | 340 | 601 |
| 4 to 10 units | 127 | 185 | 238 | 364 | 599 |
| 11 or more units | 180 | 214 | 332 | 425 | 688 |

*Source: U.S. Census of Business, 1963-77; U.S.D.A. Economic Research Service estimates for 1982.*

Note: U.S.D.A. figures cover all "eating places (SIC 5812 establishments with payrolls) which derive most of their revenue from the sale of prepared meals and snacks for on-premises or immediate consumption. Food-service sales in hotels and other nonrestaurant establishments are not included.

# Garrett named Chock Full o'Nuts president, chief operating officer

NEW YORK—With a proxy battle simmering on the back burner, Chock Full o'Nuts has named a new president.

Gordon Garrett, marketing vice president for the Clearwater, Fla.-based Eckerd Drug chain, was named to fill the post vacated after the death in March of Chock's founder and chairman, William Black.

When Black died at the age of 80, Dr. Leon Pordy, a cardiologist who was Black's personal physician and president of Chock, became chairman and chief executive.

Pordy immediately said he was initiating a search for a president and seemed to be moving the company toward a better realization of its assets.

Chock operates some 25 low-priced lunch counters in New York, which are something of an institution here. About 80% of its sales and earnings come from its coffee roasting and marketing business.

Jerry Finkelstein, the New York financier who led the unsuccessful takeover battle, has reemphasized that his fight for control was not over.

Garrett, 46, who will be chief operating officer, is a member of Eckerd's management board. Previously, he was president of the household division of the American Cyanamid Co., and earlier was marketing vice president for Warner-Lambert's American Chicle div.

## Caruso named Red Lobster vp

ORLANDO, Fla.—Raymond Caruso, former communications vice president at McDonald's Corp., has joined the 350-unit Red Lobster chain as marketing vice president.

He was a McDonald's executive for many years, serving also in marketing and product development.

# *ShowBiz scouting new investors*

DALLAS—Brock Hotel Corp. says it hopes to keep expansion plans alive this year for its ShowBiz Pizza Place concept by getting outside investors to pay for land and buildings while it signs on to run the restaurants for a management fee.

Past expansion of ShowBiz has already saddled Brock with a heavy long-term debt, and this was apparently a powerful motivator in the genesis of the new plan, common in the hotel business, but Brock's first use of off-the-balance sheet financing for restaurants.

In addition to employing the new financing technique to new restaurants, the company also hopes to work a sales-lease-back-type arrangement for 20 to 30 existing company stores, creating a similar arrangement for them.

And, to raise some cash for debt retirement, officials say they plan to sell eight Holiday Inns but retain management contracts for the operations.

The company hopes to reduce the break-even point of a ShowBiz by allowing outside investors to foot the bill for land and building costs. In some cases, break-even is expected to be lowered by as much as 40%.

In the past Brock has financed new store openings with short-term debt and lease packages. The new deal decreases the company's debt but will also decrease the amount of profit they can collect.

In real terms, the savings represented by the joint venture depends on the size of the unit. An average store might see the break-even sales per week figure drop from $18,000-$20,000 to approximately $13,000-$16,000 for a 10,000-sq.-ft. store. The figures would be different for smaller (6,000-sq.-ft.) and larger (16,000-sq.-ft.) units.

The break-even point will be

*(Continued on page 199)*

## *Grace eying L.A. independent*

LOS ANGELES—W. R. Grace was negotiating at presstime for acquisition of a major independent restaurant operation here. The high-volume, Los Angeles-based target company, which operates fresh seafood and barbecue restaurants locally, would reportedly be set up as an operating division to spearhead possible national expansion of its concepts.

Grace restaurant officials could not be reached for comment, and the Los Angeles company asked that it not be identified, pending finalization of an agreement.

Grace now operates about 607 restaurants, which last year contributed $8.5 million in after-tax operating profit to the diversified company's overall net of $319.5 million on sales of $6.1 billion.

## HIGHLIGHTS IN THIS ISSUE

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**12** What *is* American Cuisine? At the second annual Symposium on American Cuisine held recently in New Orleans, the purists and the innovators each offered their own definitions.

**22** Mr. Gatti's, a 278-unit pizza chain, has developed an on-premises catering operation aimed at family entertainment.

**52** There are good points to be made for featuring local wines, notes Wine & Spirits columnist Mort Hochstein.

**56** RA is breaking new grounds—public gardens—and trying to hold ground—in New York—in two stories on this diversified food service chain.

**58** "Losing the day or shift receipts to some creep with a .38 is the least of the problems caused by stick-ups," warns new *NRN* security columnist Ray Johnson. An ex-con himself, Johnson explores the nature of armed robbery and offers some solid advice on keeping criminals off your back.

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# Chains recycling old units into new concepts

(Continued from page 1)

"The people who run big chains—and especially the people who invest in them—are becoming sensitive to two facts," one observer explained. "The first is that these things—these restaurants—are expensive, and you want to get the most out of your investment for the longest period of time.

"And the second is that fashions change very rapidly in this business. Particularly with some of the faddier concepts. You're talking about a relatively short lifetime before the concept is old-fashioned and passé.

"The obvious answer to this is to somehow make good on your investment even while styles change. Voila! The free-form restaurant is born."

Several factors have caused the large chains to develop their new concepts in the shells of their old ones instead of in new buildings.

The first is obvious: The old ones weren't there. Until recently, most large restaurant chains were young enough to concentrate on the concepts which gave them their initial growth.

The Cork 'N Cleaver concept, for example, was one of the hottest in the country, leading Chart House to acquire it in the mid-1970's. But soon dramatic rises in meat prices undercut the concept's selling point—affordable steaks. After a few years of trying to alter the Cork 'N Cleaver formula, Chart House decided to replace it in many markets with an entirely new concept, a Mexican-style dinnerhouse.

The new concept, Cisco's Cafe, now occupies about 13 former Cork 'N Cleaver buildings, leaving 40 units operating as steakhouses.

The inevitable shifting of tastes and markets can also lead a company to design a new concept for its old buildings.

Dallas-based People's Restaurants, for example, was born when a large number of Bonanza's budget steakhouses began to lose the business of the blue-collar single-paycheck families who had been their mainstay.

To find a profitable use for the buildings in these markets, Bonanza's then-president, Don Thomson, devised the People's concept. He intended this restaurant format to appeal to a wide spectrum of customers instead of one specific sliver of the market.

To Bonanza's surprise, the People's concept did so well that it was severed from the company and began to develop on its own. Now, the chain numbers 28 units, 15 of them former Bonanzas, which post annual unit sales of more than $1.4 million.

Some companies use recycling as a low-cost way of jumping on a particularly attractive bandwagon. Ponderosa, for example, has converted two of its budget steakhouses into a Mexican-style dinnerhouse concept called Casa Lupita.

Ponderosa, saddled with a number of marginal stores among its nearly 700 budget steakhouses, sought a Mexican-style concept because these restaurants have established a reputation for high profitability in the Midwestern markets.

Sambo's embraced recycling not as an experiment in a second concept but as a way to entirely transform itself. In the throes of bankruptcy, the company decided to convert its units to two new concepts in order to break completely with the past.

Season's, the principal replacement concept for the company's 618 units, differs from Sambo's mainly in superficial ways, such as signage, decor and menu, while remaining essentially a coffee shop.

Chains have found that recycling their operations can be either very expensive or relatively cheap, depending on how far the new concept diverges from the old one.

Converting a standard Bonanza into a People's restaurant, according to Thomson, is "a 180-degree turnaround" which costs an average of $400,000 per unit. He explained the typical Bonanza has a simple floorplan designed around a cafeteria line and a large, open dining room, while the typical People's is much more complex, with a bar and lounge area set off from but still part of the larger restaurant.

The Bonanza units require uncomplicated storage reflecting their meat-oriented menu. But a new People's, Thomson said, should have much more storage space because it serves a larger and much more diverse number of items.

Recycling a Bonanza restaurant also requires a great deal of interior reconstruction to let in light. Thomson said that most Bonanzas were built on the premise that people want a dark, cozy-looking restaurant interior. The People's restaurant, however, involves a much lighter and more open feel.

"We had to knock out a few walls to let in enough light to let the design work the right way," Thomson said.

The two Casa Lupita conversions cost Ponderosa $800,000 and $440,000. Edwin Ourant, vice president of the company's specialty restaurant division, explained Ponderosa wants each renovation to be as much as possible like a free-standing restaurant and not just a Ponderosa steakhouse with a different sign and decor.

The conversions of Ponderosa usually involve the installation of much new equipment. They also reduce the units' seating capacity per square foot for Casa Lupita's more spacious feel. But they can also require more seating to accommodate the anticipated swell in business.

The result: Most additional Casa Lupita conversions, just as one in Fort Myers, Fla., will probably require substantial expansion of floor space as well as rearrangement of existing floor space.

The Sambo's conversions may be the least expensive of any of the recent spate of recycled restaurants. Although the company refuses to comment on this, its officers have said turning a Sambo's into a Season's costs only $25,000—an amount which, they claim, takes in new signage, redecoration and new kitchen equipment.

The modest scale of the Season's rehabilitations owes to the recent history of the chain. Robert Luckey, its new president and chief executive officer, has said only an entirely new identity would allow his company's restaurants to escape the onus of the financially troubled past.

But the other recycling schemes may have a less prominent place in the long-term strategies of their parent companies.

People's, now entirely independent of Bonanza, is seeking to expand into low-cost "strip-center" locations, not the old Bonanza units of its inception.

The Cork 'N Cleaver steakhouses which escaped the initial purge are now doing well enough to avoid conversion into Cisco's Cafes, a company spokesman said. And Ponderosa's Ourant said the company has no plans to continue the conversion of budget steakhouses into Casa Lupitas.

A few of the executives of chains dabbling in the renovations and those who observe them suggest that, for many chains, recycling may have been a temporary adjustment to changing market conditions in the Midwest and the search for new concepts at a time of high interest rates.

But others predict the pace of such development will accelerate as many of the older concepts lose their following and the supply of good sites diminishes.

"We're seeing far more than a short-term phenomenon," one executive said. "In the future, there's just no way you can just throw out more and more buildings as soon as you get new ideas of what to put into them. You're going to have to deploy your assets more sensibly."

# HoJo, Burger King form new toll road team

(Continued from page 1)

Burger King previously found an excellent outlet for its units in bus terminals, through an agreement with Phoenix-based Greyhound Food Management. GFM operates 27 of the higher volume Burger Kings as a franchisee.

HoJo's current toll road locations are in Massachusetts, Maine, Connecticut, New York, Pennsylvania, West Virginia, Ohio, Illinois and Oklahoma. It would like to pick up momentum on these and other locations, all of which are strictly food service and do not involve Howard Johnson motor lodges.

"We're looking for a blend between our Howard Johnson restaurants, cafeterias and snack bars and Burger King fast food," said Russo. Our HoJo restaurants and the Burger Kings each will have separate managements." (HoJo is likely to go outside for a top executive to run its Burger King franchise division.)

The way Russo sees it, the new commitment "shows our responsiveness as a consumer-marketing company as opposed to a manufacturing approach where the product is provided based on what the company wants rather than based on consumer needs. We're now a full operating company."

Neither Russo, Hostage nor anyone else would disclose profit figures for the Imperial Group division. Russo said he does hope HoJo will capitalize to a maximum degree on the vertical integration available under his jurisdiction—company and licensed Howard Johnson restaurants, some 200 Ground Rounds, institutional and vending operations, company motor lodges, manufacturing, distribution and purchasing.

Already there has been a realignment of the restaurant and motor lodge combinations (not on toll roads), with one general manager having full control of both, encouraging a more integrated approach. HoJo has some 500 company and franchised motor lodges and hotels.

HoJo's turnpike restaurants themselves have undergone a transformation, with wider more diversified menu selections and brighter decors.

"The customer today wants a mixture of different food service on the toll roads," said John Delahunt, HoJo's group vice president for vending and turnpike operations. "Most likely, Burger Kings will be interspersed with HoJo's in their respective separate locations along turnpikes. Customers will appreciate the variety and choice."

Burger King turnpike menus will be virtually the same on the toll roads as in other locations. But the building structure will not be a typical Burger King, as it has to conform with turnpike regulations.

Timothy Johnson, Burger King institutional development director, said in most cases, signs along the highways would advertise both the Burger King and Howard Johnson locations. "If five locations are available in a turnpike stretch," he said, "perhaps Howard Johnson would put in separately a couple of Burger Kings, a restaurant, a cafeteria and a snack bar."

# McDonald's testing nonburger 'snack' unit

(Continued from page 1)

placed in areas where a traditional McDonald's restaurant is not feasible. An average McDonald's unit costs $750,000 for land, building and equipment.

McDonald's also is testing dessert centers in other areas of the country. Similar to McSnack, the dessert centers are situated in front of regular McDonald's storefront and mall restaurants and are designed to attract customers who want a snack but do not want to go into the unit.

McSnack is believed to be the first new concept McDonald's has tested since its ill-fated attempts to develop Jane Dobbins Pie Shops and Ramon's upscale burger restaurants many years ago. But those concepts were different from McSnack in that they were not associated by the public with McDonald's.

The Oak Brook, Ill.-based fast feeder began testing Mini-Mac drive-through-only units in 1978. Those offer regular McDonald's menu items.

McDonald's regularly tests new menu items in different areas of the country, but very few survive beyond the test stage. McDonald's over the years has tested yogurt, salad bars, fried chicken, various sandwiches, and other items.

The chain's last successful rollout was in 1977 when it introduced its breakfast menu nationwide. The last successful single menu item was the Quarter Pounder burger.

McDonald's is currently evaluating the sales performance of its two newest products, Chicken McNuggets and the McRib sandwich. A McChicken sandwich was dropped from menus in about 3,000 units earlier this year. In 1981, the chain dropped its chopped beefsteak sandwich which had been rolled out nationwide but performed poorly.

# Small chain sales gains outpace giants, study shows

(Continued from page 2)

firms the generally accepted fact that restaurant chains have made major inroads into the national market share of independent food-service operators.

In 1963 single-unit establishments accounted for a solid 80% of all United States eating place sales. By 1972 the independents' share had dropped to only 66%, and the latest U.S.D.A. estimates (for 1982) peg single-unit dollar volume at only 53% of the industrywide total.

In contrast, medium- and large-size chains with 11 or more company-owned outlets increased in total United States market share from 11% 20 years ago to 23.2% in 1977, and to one third of all eating place sales last year, according to Van Dress and Putnam.

Over the past two decades chain sales per establishment climbed from an average of $180,000 to $688,000—an increase of $282%. During that same 20 year period, sales per outlet among single-unit operators rose 309%, from an average of $55,000 in 1963 to $225,000 last year.

The biggest gainers, however, were the smaller multi-unit operators with fewer than 11 outlets.

Per-unit sales for small food-service firms with four to 10 establishments jumped 372% during the last 20 years, from an average of only $91,000 to $601,000. Smaller restaurant operators with only two or three establishments posted the best long-range record of all, with per-unit dollar sales increasing from $91,000 in 1963 to $601,000 last year—an overall growth rate of 560%.

The report, which was released as part of U.S.D.A.'s most recent National Food Review, also found:

- "Americans spent 37¢ of each food dollar at sit-down service restaurants, fast-food outlets, and other food-service operations" in 1981—up from only 26¢ in 1960;
- Total United States spending for "food away from home" jumped more than 530% from $19 billion to $120 billion during that same 21-year period;
- Fast-food outlets increased from less than 40,000 units in 1963 to 122,552 last year, and today this segment rings up 2 of every 5 food-service dollars (vs. 1 in 7 two decades ago);
- The number of establishments with "waiter-waitress service at counters and booths" declined sharply since 1963, from 23% of all American food-service outlets 20 years ago to only 10% in 1982;

COMMODITIES

# *Wide shifts in beef costs foreseen in months ahead*

**NRN Special Report**

There are going to be some severe peaks and valleys in beef costs in the months ahead, and the same causes will affect pork and poultry prices as well. Upward pressure will come from increased grain prices. Farmers are announcing cutback plans based upon the Federal Government's "payment-in-kind" (PIK) program.

PIK operates by providing farmers grain from the Government's bulging warehouses if they cut back on their acreage. Although there is still time to change their minds, nationwide the cutbacks amount to about 33% of the corn crop, 20% of the wheat crop, and 25% of the sorghum planting. This will start affecting prices of grains now; in fact, the price of corn is rising already. The major impact upon meat prices, however, will come in the fall.

Prices on cattle peaked in the first half of April as heavy rains in the major cattle raising areas kept feedlots from accepting more animals for fattening. Feeders have a difficult time when the lots are muddy. Cattle don't eat well when they are uncomfortable, and mud makes them extremely so. The mud cakes on their sides and bellies and makes them work hard just to move, which melts the fat away from their frames. That, plus the difficulty in eating, keeps them from gaining the weight anticipated by the feedlot operators. Moving the cattle to slaughter is more difficult as well, and some of the feeders don't even attempt it until the weather improves.

A big plus in the picture, however, is the use of the land which is not being planted in grains. Farmers are being encouraged by the Government to place feeder cattle in those fields to graze. Both wheat and corn fields provide good grazing for feeder cattle. In fact, the increased interest in buying such cattle drove their price up during the latter part of March and early April. These should drive down prices in August.

There is an adequate amount of pork in the pipeline as *NRN* goes to press, but there was a late March and early April disruption in the marketing of hogs caused by the severe Midwest weather. Prices for pork are at a relatively moderate level (under $1 per pound for the first time in months) at the slaughter houses in the Midwest. Some purveyors, however, are slow

*(Continued on page 199)*

## *PRICE MOVEMENT AT A GLANCE*

| | April 15, 1982 | March 15, 1983 | April 15, 1983 |
|---|---|---|---|
| Beans, pinto, dry, Colorado (cwt.) | $15.00 | $12.25-12.50 | $14.00 |
| Beef, Choice, 700-900 lb., Midwest (lb.) | $ 1.09 | $ 1.01 | $ 1.10 |
| Broilers, Grade A, Icepack, NYC (lb.) | $ 0.4738 | $ 0.4490 | $ 0.4348 |
| Cocoa , bulk, Ivory Coast, NYC (lb.) | $ 0.7095 | $ 0.9063 | $ 0.9022 |
| Coffee, green bean, Brazil, NYC (lb.) | $ 1.40 | $ 1.28 | $ 1.27 |
| Corn, No. 2, yellow, Midwest (bu.) | $ 2.595 | $ 2.725 | $ 3.055 |
| Eggs, Grade A large white, Chicago (doz.) | $ 0.6875 | $ 0.645-0.65 | $ 0.625-0.63 |
| Lettuce, Iceberg, California (24s) | $ 5.00 | $ 2.50-3.00 | $ 5.50-6.00 |
| Pork loins, Choice, 14-17 lb., Midwest (lb.) | $ 0.99 | $ 1.04 | $ 0.9625 |
| Potatoes, round white, Maine (50 lb.) | $ 2.875 | $ 1.25 | $ 3.00-3.125 |

Source: NRN Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# Haig, Betty Ford head guest list at 'upgraded' 64th NRA Show

CHICAGO—The United States Culinary Olympic team is expected to provide headline excitement as it competes for the North American championship in the hot-food competition at the 64th annual NRA Restaurant, Hotel-Motel Show at McCormick Place here, May 21-25. The team's appearance is part of its preparation for the 1984 Culinary Olympics in Frankfurt, West Germany.

Other events also expected to grab the attention of attendees of the giant trade show include shop talks, panel discussions, and educational programs featuring internationally known guest speakers like former Secretary of State Alexander Haig and former First Lady Betty Ford.

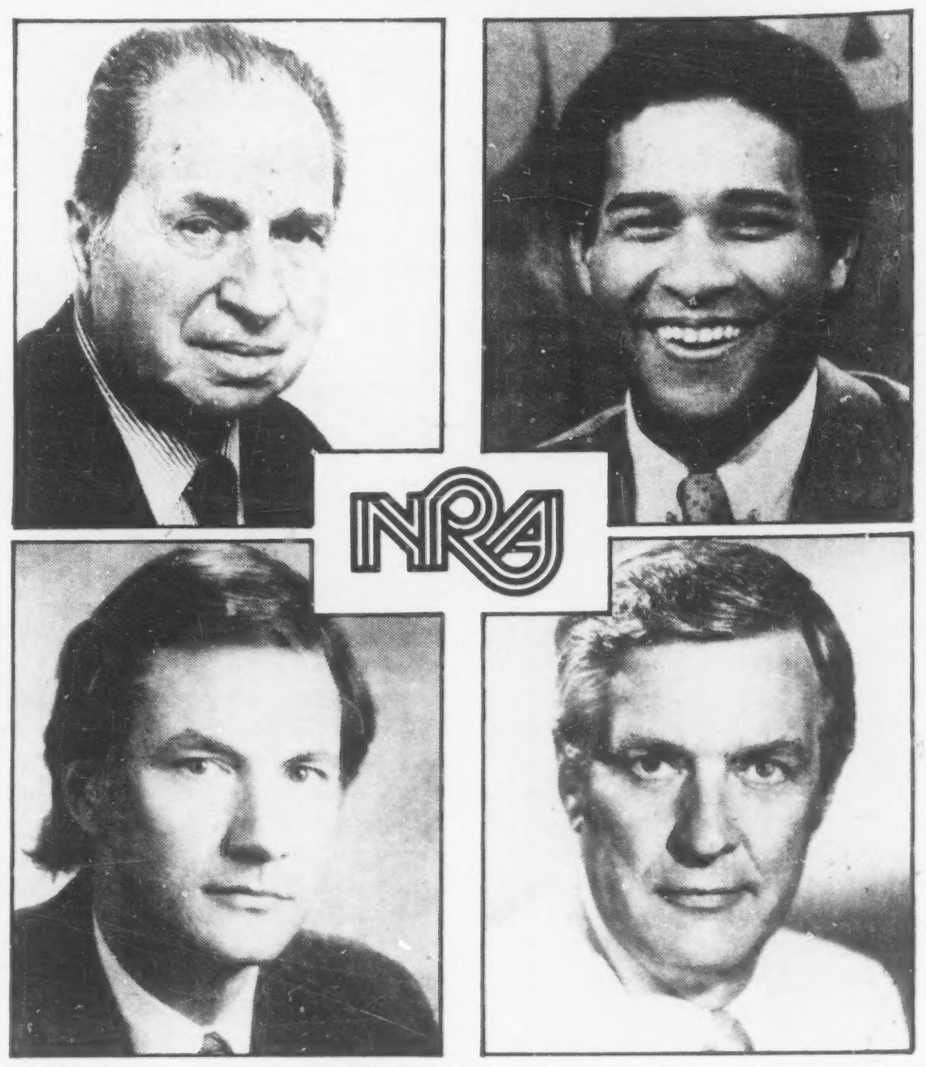
"We've upgraded and increased the number of guest speakers and programs this year," said Thomas Corcoran, NRA show director. The NRA expects attendance to approach last year's 88,312.

A panel discussion on American cuisine, Colonial times through present day, will feature Richard Nelson, a lecturer, author and cooking instructor. Judith Jones will serve as moderator.

The economy in food service today seminar will include panelists Charles Bernstein, editor of *Nation's Restaurant News*, Jean Black Bakos, editor of *Restaurant Business*, Stephen Michaelides, executive editor of *Restaurant Hospitality*, and Jane Young Wallace, editor of *Restaurants and Institutions*. Charles Lynch, chief executive officer of Saga Corp., will serve as moderator of the seminar, which will take place Tuesday, May 24, from 2 p.m. to 3:30 p.m. in the management clinic area

Other planned panel discussions include a cafeteria operator's shoptalk; a seminar on hotel rehabilitation; the second annual saloonkeeper's shop talk, featuring pub operators from the United States, Australia and England; a seminar

*(Continued on page 11)*



**Guest appearances at the NRA Show include (clockwise from top left) Mortimer Adler, creator of the 'Syntopicon': Bryant Gumbel; NRA-TV anchorman Floyd Kalber, and Tom Peters.**

*Convention may herald rebound . . .*

# San Francisco tourism still off

**By Richard Martin**

SAN FRANCISCO—Despite recent setbacks in this city's hospitality industry, prospects for the local hotel and restaurant trade have brightened in anticipation of next year's Democratic National Convention here. Signs of vitality in the ranks of new independent operations are also giving the local restaurant scene a shot in the arm.

A budding resurgence of independents along once downtrodden Fillmore Street could be signaling the birth of a fashionable "gourmet ghetto" here in the culinary heartland of the West. Populated by innovative and so far successful operations like Vivande, the Elite Cafe and Eichelbaum & Co., Fillmore Street is off the beaten path of the usual tourist traffic, which in recent months has been in serious decline.

Elsewhere in the city, the hot Italian concepts Prego, Ciao and Donatello are among other notable exceptions to the doldrums many tourist area operations have experienced recently.

Business prospects have remained uncertain throughout the winter months for many op-

*(Continued on page 199)*

**Operations like Vivande, which combines an eclectic mix of food-service styles, have signaled the birth of a "gourmet ghetto" on once downtrodden Fillmore Street.**

# Senate Judiciary approves legislation setting stiff penalties for hiring aliens

**By Ken Rankin**

WASHINGTON—The Senate Judiciary Committee shouted down critics of the Administration's controversial immigration "reform" bill and approved legislation setting stiff criminal penalties for restaurant operators who hire illegal aliens.

The committee's action clears the path for a full Senate vote on the measure, and according to most observers passage now is considered virtually certain.

"Realistically, the last chance we had to stop this bill was in the committee," a spokesman for Sen. Edward Kennedy (D-Mass.) told *Nation's Restaurant News*. "Our only real hope now is that the House will cut it off."

That's exactly what happened last year when time ran out on the House version after the Senate had approved a companion bill containing the controversial hiring sanctions.

The pending Senate bill—sponsored by Sen. Alan Simpson (R-Wyo.)—would shift the burden of detecting "unlawful immigrants" to private industry by requiring employers to check (and retain records of) the immigration status of all future job applicants.

Food-service operators and other employers charged with "knowingly" hiring illegal aliens would face harsh Federal penalties.

Since a disproportionate share of the millions of aliens who enter the United States illegally each year seek employment as unskilled restaurant workers, industry lobbyists are concerned that the bill would prove particularly burdensome to the nation's food-service operators.

The National Restaurant Association has warned Congress the proposed hiring sanctions could discourage many firms from hiring any workers who appear to be foreign-born—a policy that could run afoul of current U.S. Equal Employment Opportunity Commission regulations.

Congressional opponents of the bill including Kennedy and a caucus of Hispanic legislators attempted to soften the impact of the hiring sanctions through a number of amendments limiting the scope of the immigration bill. That 11th-hour strategy failed, however, and the measure cleared the committee virtually intact on a 13 to 4 vote.

Last year's immigration proposal passed the full Senate by an 80 to 19 margin, and a similarly lopsided vote is likely this session.

# *S.F. restaurants to get $11M convention windfall*

SAN FRANCISCO—A windfall of nearly $11 million will be the take for San Francisco restaurants from the projected $36-million economic impact of the Democratic National Convention, to be held here from July 16-20, 1984.

Just one month after the city's renovated cable car fleet is due back on track, as many as 25,000 delegates and guests will descend on the city, plus as many as 6,000 members of the press.

A breakdown of total expenditures forecast by the city's convention bureau has 35% going for hotel rooms, 8% to hotel restaurants, 22% to other restaurants, and 18% to the general retail sector. The balance will go for transportation and miscellaneous expenses.

The convention bureau has already obtained commitments

*(Continued on page 199)*

FINANCIAL NEWS

# Rising menu prices threaten sales at chains

MIDDLETOWN, N.J.—Menu price increases averaging 4.4% in March over the previous March for 17 major selected food service chains have raised the specter of a possible sales drop in coming months.

While menu price rises for the selected group increased above their respective 3.9% and 3.8% levels for January and February, the U.S. Commerce Department says food store and supermarket prices were up only 1% in February and March.

"To the extent that these divergent patterns [escalating restaurant menu prices and declining food store menu price rises] continue," warned Restaurant Trends Inc.'s Carl DeBiase, "restaurant sales trends may be adversely affected."

Average real sales (comparable unit sales minus menu price rises) for the 17 chains surveyed by DeBiase jumped 3.9% in March over the previous March, after climbing 5.1% in January and 3.6% in February.

For the entire first quarter, real sales increases over 1982's first quarter averaged 4.2% for the group. Fast-food hamburger chains were up 6.9%, coffee shops 3.2% and others 3.1%, DeBiase said.

Six chains—spurred by aggressive advertising and promotion—led the way in March, with Burger King showing a 14% real sales rise over the previous March; PepsiCo's Taco Bell and Pizza Hut respectively up 8% and 7%; and Ponderosa, Hardee's and Friendly up 6%.

Denny's showed a 5% real sales rise for March, and Sambo's—with its new Season's format—3%.

Wendy's, Church's, Howard Johnson and Winchell's were each up only 1% in March. Long John Silver's was off 5%. These chains' sales trends have been "disappointing for some time," DeBiase said.

Meanwhile, Prudential Bache's Michael Culp emphasized that "violent swings in weather conditions throughout the United States materially distorted first-quarter sales trends at virtually all leading chains. After a mild January during which traffic sharply improved, he said, heavy rains in California, blizzards in the Northeast and Atlanta, and "other severe storms dampened year-to-year comparisons."

## Pizza Inn posts 22% profit gain for fiscal '82

DALLAS—Pizza Inn has reported a 22% increase in net profit to $1,701,000 for fiscal 1982 ended Dec. 26, compared to 1981.

Revenues for the year increased slightly to $140,539,000.

In the fourth quarter, profits increased significantly from $30,000 in 1981 to $476,000 last year.

Revenues for the quarter fell slightly to $34,942,000.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended April 22 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | | Last Fiscal Year | | | Last Fiscal Year (Per Share) | | |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | Last X-Dvd. Date | Revenue | Earnings | Current Ratio | Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Aca Los A Res | ALAR | 6.13 | 5.13 | 6.00 | .88 | 17.07 | 7.88 | 3.75 | -.47 | .00 | 2.22 | 10.55 | .05 | -.09 | Q | -42.8 | -29.0 | .3 | 50.0 | .00 | .0 | 01-06-81 | 37.1 | .1 | 2.4 | 5.69 | 2.90 | 1081 |
| Am Motor Inns | INN | 34.38 | 27.13 | 34.13 | 5.00 | 17.17 | 34.38 | 15.88 | -.10 | 2.51 | 7.40 | -26.63 | 2.10 | .45 | S | 24.8 | 28.0 | 7.0 | 15.1 | .25 | .7 | 12-26-82 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 47.50 | 46.50 | 47.50 | .88 | 1.88 | 47.88 | 25.25 | .24 | .08 | -3.82 | -12.19 | 3.43 | -.36 | Q | -9.4 | -8.0 | 1.4 | 13.8 | 2.05 | 4.3 | 05-26-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 25.00 | 22.25 | 25.00 | 4.00 | 19.05 | 25.00 | 5.00 | .53 | .85 | -2.18 | -12.79 | .58 | -.21 | Q | -28.0 | -17.0 | 2.2 | 46.3 | .12 | .5 | 03-04-83 | 78.6 | 1.7 | 1.6 | 6.60 | 7.58 | 0982 |
| Beefsteak Char | BCS | 7.88 | 7.25 | 7.50 | -.25 | -3.23 | 9.75 | 4.50 | -.71 | -.70 | -3.34 | 27.37 | .88 | .17 | Q | 26.1 | 38.0 | 3.7 | 9.1 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 26.00 | 24.25 | 26.00 | 1.00 | 4.00 | 29.06 | 14.66 | -.47 | .39 | 7.01 | 9.96 | 1.09 | -.03 | N | -2.7 | 21.0 | 7.9 | 24.8 | .30 | 1.2 | 01-18-83 | 173.4 | 13.7 | 1.7 | .00 | 5.17 | 0482 |
| Bonanza Intl Inc | BNZA | 4.13 | 4.00 | 4.13 | .13 | 3.13 | 4.25 | 1.38 | .62 | -.08 | .24 | 5.99 | .11 | .17 | Q | NC | -81.0 | 2.3 | 24.3 | .00 | .0 | 00-00-00 | 21.4 | .5 | 1.2 | 11.24 | 1.50 | 1281 |
| Brock Hotel Cp | BHC | 9.50 | 8.50 | 9.00 | .25 | 2.86 | 17.50 | 7.50 | -.12 | .40 | -2.40 | .63 | .39 | -.15 | F | -27.7 | 11.0 | 2.0 | 23.1 | .10 | 1.1 | 03-15-83 | 259.8 | 5.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 15.25 | 14.75 | 15.00 | .00 | .00 | 17.25 | 5.16 | .12 | -.53 | .82 | -20.39 | .74 | .50 | N | 119.0 | 9.0 | 3.2 | 16.3 | .20 | 1.3 | 01-27-83 | 37.0 | 1.2 | .6 | 1.01 | 1.51 | 0282 |
| Captain Crabs | CRAB | 3.75 | 3.63 | 3.75 | .00 | .00 | 4.13 | 1.00 | -.53 | .45 | 4.13 | 32.71 | .00 | .00 | Q | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Develop | CRL | 11.25 | 9.88 | 10.75 | .13 | 1.18 | 11.50 | 3.34 | -.02 | -.69 | -1.92 | -35.86 | .44 | .40 | N | 93.0 | 22.0 | 1.9 | 13.0 | .07 | .7 | 02-02-83 | 68.6 | 1.3 | .6 | 6.55 | 4.00 | 0582 |
| Chart House | CHHO | 29.00 | 25.25 | 28.88 | 3.75 | 14.93 | 29.00 | 17.25 | .12 | .52 | -3.95 | 11.70 | 2.08 | .05 | F | 2.4 | 13.0 | 4.9 | 13.9 | .60 | 2.1 | 03-17-83 | 382.0 | 18.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 24.63 | 23.00 | 24.00 | .38 | 1.59 | 26.88 | 8.75 | -.15 | -.63 | -2.31 | 24.04 | .37 | .27 | N | 90.0 | 26.0 | 11.1 | 42.1 | .00 | .0 | 12-20-82 | 40.5 | 4.5 | 3.1 | .74 | .82 | 0481 |
| Ch Full O Nut | CHF | 18.50 | 16.75 | 17.38 | .00 | .00 | 19.88 | 12.00 | -.34 | -.73 | -2.81 | -22.60 | .34 | -.07 | S | -14.5 | -11.0 | 1.4 | 42.4 | .40 | 2.3 | 12-09-82 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 42.88 | 40.75 | 41.75 | 2.50 | 6.37 | 42.88 | 25.00 | .25 | .14 | 4.14 | -26.88 | 3.28 | -.18 | Q | -5.1 | 9.0 | 10.1 | 12.7 | 1.00 | 2.4 | 01-24-83 | 413.1 | 41.6 | 1.8 | .93 | 17.60 | 1282 |
| Cindys Inc | CNDYC | 3.13 | 3.00 | 3.13 | .13 | 4.17 | 3.88 | 2.63 | -.46 | -.21 | -2.51 | -34.51 | -.06 | 1.37 | F | NE | NE | -.6 | NE | .00 | .0 | 00-00-00 | 17.0 | -.1 | .0 | 7.17 | .29 | 1281 |
| Collins Foods | CF | 25.63 | 23.00 | 25.38 | 1.88 | 7.98 | 25.63 | 10.89 | .15 | 1.76 | -2.93 | -10.03 | 1.69 | .53 | N | 33.3 | 16.0 | 3.2 | 12.0 | .24 | .9 | 03-25-83 | 298.0 | 9.6 | 1.3 | 7.44 | 10.69 | 0482 |
| Consul Corp | CNSL | 14.25 | 12.50 | 14.00 | 1.63 | 13.13 | 14.25 | 5.88 | -.14 | .29 | -5.64 | -9.44 | .00 | .16 | N | 400.0 | NE | .0 | 70.0 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 27.75 | 25.75 | 27.75 | 2.25 | 8.82 | 27.75 | 9.00 | .18 | 1.42 | -5.61 | 15.71 | 1.03 | .18 | S | 17.8 | 19.0 | 3.7 | 23.3 | .00 | .0 | 00-00-00 | 35.4 | 1.3 | 1.9 | 5.35 | 6.69 | 0782 |
| Dennys Inc | DEN | 36.88 | 34.00 | 36.50 | 2.50 | 7.35 | 36.88 | 22.38 | .35 | -.25 | .78 | -24.68 | 2.47 | .29 | S | 12.7 | 9.0 | 3.9 | 14.3 | .64 | 1.8 | 03-04-83 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 22.13 | 20.63 | 21.75 | 1.13 | 5.45 | 22.13 | 9.91 | .13 | -.05 | 1.55 | -31.72 | 1.40 | .20 | Q | 15.8 | 18.0 | 9.4 | 14.9 | .24 | 1.1 | 02-07-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 16.63 | 15.50 | 16.50 | .25 | 1.54 | 17.25 | 7.94 | -.14 | .65 | -.70 | 21.70 | 1.80 | -.27 | N | -15.0 | 12.0 | 3.8 | 10.9 | .40 | 2.4 | 03-29-83 | 101.0 | 3.8 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 25.25 | 20.63 | 25.25 | 4.75 | 23.17 | 25.25 | 9.63 | .58 | 3.94 | -.95 | 45.07 | .65 | .07 | F | 12.0 | 121.0 | 14.9 | 38.8 | .00 | .0 | 00-00-00 | 40.2 | 6.0 | 2.0 | .76 | 1.01 | 1281 |
| Hambrg Hamlet | HAMB | 11.25 | 8.25 | 11.25 | 3.00 | 36.36 | 11.25 | 5.00 | .42 | 3.97 | .04 | -29.46 | 1.35 | .54 | N | 93.1 | -8.0 | 3.2 | 10.0 | .00 | .0 | 00-00-00 | 31.6 | 1.0 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.63 | 1.13 | 1.63 | .50 | 44.44 | 2.88 | .88 | .55 | 6.62 | 3.11 | 7.14 | -2.22 | -5.08 | N | -336.8 | -63.0 | -11.4 | NE | .00 | .0 | 00-00-00 | 30.6 | -3.5 | 1.4 | 18.38 | 8.12 | 0981 |
| Hilton Hotels | HLT | 50.50 | 43.25 | 50.13 | 4.63 | 10.16 | 52.00 | 27.63 | -.06 | 3.54 | 4.18 | 9.81 | 3.12 | -1.10 | Q | -27.6 | 1.0 | 13.4 | 17.4 | 1.80 | 3.6 | 02-28-83 | 520.5 | 83.4 | 2.0 | 4.48 | 19.98 | 1281 |
| Holiday Inns | HIA | 45.50 | 40.50 | 45.25 | 4.38 | 10.70 | 45.50 | 24.50 | .20 | .66 | 1.36 | 5.52 | 2.50 | -.18 | F | -6.7 | 13.0 | 6.8 | 18.1 | .84 | 1.9 | 03-14-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Holiday Inns A | HIA A | 63.00 | 61.00 | 63.00 | 2.50 | 4.13 | 63.00 | 38.38 | .10 | -.18 | 2.00 | .00 | NA | NA | | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 30.38 | 24.13 | 30.00 | 5.50 | 22.45 | 30.38 | 13.06 | .06 | -.09 | 5.95 | -53.46 | 1.14 | .19 | F | 20.0 | 30.0 | 2.8 | 26.3 | .00 | .0 | 09-27-82 | 235.4 | 6.6 | 1.7 | 11.45 | 6.30 | 1281 |
| Hungry Tiger | HTIG | 10.50 | 9.75 | 9.75 | -.25 | -2.50 | 12.25 | 4.84 | -.48 | -1.47 | -2.59 | -10.49 | .78 | -.07 | S | -9.4 | 7.0 | 3.8 | 14.6 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 1.94 | 1.75 | 1.81 | -.06 | -3.33 | 2.06 | 1.50 | -.04 | -2.15 | 1.37 | -6.25 | .24 | .00 | F | .0 | 2.0 | 2.0 | 7.6 | .14 | 7.7 | 09-28-82 | 8462.9 | 171.0 | 1.1 | .65 | 2.08 | 1081 |
| Intl Dairy Queen | INDQ | 29.00 | 28.00 | 29.00 | 1.00 | 3.57 | 30.00 | 11.25 | -.26 | .17 | -.51 | -7.81 | 2.17 | .60 | Q | 35.5 | 30.0 | 6.3 | 12.7 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 21.13 | 16.75 | 21.13 | 4.75 | 29.01 | 21.13 | 2.63 | .79 | 2.36 | -.25 | 15.11 | .33 | 1.00 | S | NE | .0 | 1.4 | 32.5 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 15.00 | 13.88 | 15.00 | 1.13 | 8.11 | 15.00 | 5.75 | .28 | -.09 | .14 | 5.28 | .93 | .27 | S | 37.5 | 13.0 | 3.5 | 15.2 | .16 | 1.1 | 02-07-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 19.63 | 18.50 | 19.38 | .63 | 3.33 | 23.50 | 12.69 | -.52 | -.19 | 3.06 | 22.46 | 1.40 | -.16 | S | -10.8 | 22.0 | 5.1 | 14.8 | .12 | .6 | 03-04-83 | 425.5 | 21.8 | .9 | 2.91 | 8.99 | 0682 |
| Kapok Tr Inns | KTI | 7.00 | 5.88 | 6.75 | 1.00 | 17.39 | 7.00 | 3.00 | .94 | -.58 | 2.41 | -46.67 | -.37 | -.21 | Q | NE | -46.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 14.88 | 12.13 | 14.13 | 1.75 | 14.14 | 24.50 | 10.34 | -.50 | -.84 | 2.01 | -27.53 | .59 | .26 | N | 72.2 | 98.0 | 8.4 | 22.8 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 24.25 | 23.25 | 24.25 | 1.00 | 4.30 | 25.50 | 8.91 | -.30 | .23 | 1.83 | 27.26 | 1.21 | 1.43 | N | NC | 17.0 | 3.4 | 17.0 | .00 | .0 | 02-16-83 | 200.6 | 6.9 | 1.9 | 5.15 | 6.67 | 0182 |
| Lubys Cafe | LUB | 30.25 | 29.50 | 29.50 | -.50 | -1.67 | 32.59 | 20.50 | -.47 | -.52 | .47 | 12.17 | 1.35 | .18 | S | 14.4 | 20.0 | 9.1 | 20.6 | .48 | 1.6 | 06-06-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0882 |
| Marcus Corp | MRCS | 10.75 | 10.13 | 10.75 | .75 | 7.50 | 11.38 | 5.50 | -.36 | .09 | .99 | -18.80 | 1.13 | .06 | N | 5.1 | 4.0 | 5.7 | 8.8 | .00 | .0 | 08-24-81 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 70.75 | 59.63 | 68.25 | 8.63 | 14.47 | 70.75 | 32.00 | .39 | .17 | 1.04 | -13.26 | 3.44 | .38 | Q | 11.8 | 24.0 | 3.7 | 19.0 | .36 | .5 | 03-21-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonalds Cp | MCD | 74.50 | 67.75 | 73.50 | 5.00 | 7.30 | 74.50 | 43.09 | -.05 | .62 | -1.08 | -15.53 | 5.00 | .64 | F | 14.6 | 17.0 | 10.9 | 14.7 | .88 | 1.2 | 10-15-82 | 2769.5 | 300.6 | .5 | 15.35 | 22.73 | 1281 |
| Morrison Inc | MORR | 19.50 | 17.88 | 18.00 | -1.25 | -6.49 | 20.13 | 9.75 | -.34 | -1.67 | 2.51 | 27.75 | 1.16 | .31 | N | 29.5 | 9.0 | 4.1 | 13.2 | .40 | 2.2 | 04-11-83 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 9.00 | 6.75 | 8.50 | 2.00 | 30.77 | 9.00 | 1.75 | 2.08 | -1.20 | .45 | -43.24 | -.98 | -1.24 | Q | -539.1 | -41.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 2.00 | 1.50 | 2.00 | .38 | 23.08 | 2.50 | .72 | -.97 | 4.79 | 2.65 | 50.22 | .03 | .80 | N | NE | NE | .6 | 20.0 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles | NAUG | 27.25 | 21.00 | 26.75 | 5.75 | 27.38 | 27.25 | 7.88 | .35 | 3.17 | -.34 | .64 | .78 | .87 | S | NC | 49.0 | 3.9 | 30.7 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 18.00 | 18.00 | 18.00 | .00 | .00 | 18.50 | 9.00 | .56 | -.16 | 4.42 | .00 | .69 | -1.05 | F | -60.3 | -2.0 | .4 | 26.1 | .32 | 1.8 | 12-29-82 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 5.13 | 4.88 | 5.13 | .25 | 5.13 | 9.00 | 4.38 | -.18 | 1.05 | 1.77 | 23.27 | -.25 | -1.71 | Q | -158.3 | -26.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 10.13 | 7.50 | 10.00 | 2.38 | 31.15 | 10.13 | 4.25 | .24 | 2.16 | 5.23 | -4.95 | .19 | .18 | S | NC | 78.0 | 13.8 | 55.6 | .00 | .0 | 00-00-00 | 5.8 | .8 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 17.63 | 15.50 | 17.63 | .50 | 2.92 | 18.13 | 13.50 | -.52 | 3.18 | -4.79 | 2.47 | 1.39 | -.36 | N | -25.0 | 9.0 | 5.9 | 16.3 | .56 | 3.2 | 03-09-83 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 11.75 | 9.88 | 11.63 | 1.75 | 17.72 | 11.75 | 4.50 | .49 | .29 | -2.43 | -33.20 | .61 | .11 | F | 22.0 | -4.0 | 1.2 | 19.1 | .02 | .2 | 04-11-83 | 140.5 | 1.7 | .9 | 12.94 | 6.65 | 1281 |
| Pizza Time Thea | CHKY | 18.50 | 15.25 | 18.25 | 3.00 | 19.67 | 32.50 | 14.25 | -.11 | 1.46 | -3.17 | -2.93 | 1.27 | .33 | Q | 40.2 | 29.0 | 7.6 | 15.9 | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 22.00 | 19.25 | 21.00 | 1.63 | 8.39 | 22.00 | 9.34 | .03 | .11 | 6.52 | -13.04 | 1.34 | .66 | N | 69.4 | -6.0 | 2.4 | 13.0 | .33 | 1.6 | 03-04-83 | 353.9 | 8.5 | 1.0 | 13.32 | 11.23 | 0282 |
| Ramada Inns | RAM | 8.13 | 7.13 | 7.63 | .25 | 3.39 | 8.50 | 4.25 | -.16 | .00 | -1.26 | 13.54 | -.73 | -.77 | F | -925.0 | -29.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 548.3 | -19.8 | .6 | 18.98 | 6.03 | 1281 |
| Restaur Assc | RA | 8.88 | 8.00 | 8.50 | .13 | 1.49 | 9.00 | 3.25 | -.22 | -.85 | -4.92 | -21.64 | .78 | -.19 | F | -19.5 | 43.0 | 1.8 | 10.9 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.3 | 3.17 | 6.38 | 1281 |
| Ryans Fam Steak | RYAN | 22.25 | 17.50 | 22.00 | 3.63 | 19.73 | 22.25 | 3.09 | 1.09 | 4.84 | -.08 | 32.08 | .33 | .36 | Q | NC | 68.0 | 10.6 | 61.1 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 54.75 | 49.25 | 54.38 | 4.38 | 8.75 | 54.75 | 23.88 | .41 | .47 | -.54 | 71.57 | 3.35 | .96 | N | 29.8 | 41.0 | 1.9 | 13.0 | .72 | 1.3 | 02-14-83 | 901.0 | 16.8 | .9 | 8.51 | 17.72 | 0682 |
| Sandwich Chef | SHEF | 15.50 | 14.50 | 15.50 | 1.00 | 6.90 | 15.50 | 11.50 | .00 | -.17 | -1.12 | -22.22 | .77 | .76 | S | NC | 26.0 | 4.7 | 20.4 | .00 | .0 | 00-00-00 | 17.0 | .8 | .6 | .50 | 3.42 | 0682 |
| Sea Galley | SEAG | 9.38 | 8.38 | 8.63 | .25 | 2.99 | 10.63 | 5.50 | .13 | -2.09 | -.04 | -29.46 | .02 | -.66 | F | -97.0 | -11.0 | .1 | 431.3 | .00 | .0 | 06-02-81 | 70.1 | .1 | 1.8 | 2.38 | 4.99 | 1281 |
| Servico Inc | SRVI | 15.25 | 14.00 | 15.25 | 1.25 | 8.93 | 16.00 | 7.03 | -.45 | 1.51 | -3.62 | -18.40 | 1.54 | -.82 | N | -43.6 | 61.0 | 3.5 | 14.4 | .00 | .0 | 07-09-82 | 126.4 | 4.4 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 26.00 | 24.00 | 24.13 | -1.88 | -7.21 | 27.00 | 12.47 | -.42 | -1.11 | 2.71 | -17.46 | .86 | .08 | F | 10.2 | 19.0 | 5.1 | 28.1 | .15 | .6 | 03-11-83 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Skippers | SKIP | 15.25 | 14.50 | 15.00 | -.25 | -1.64 | 15.25 | 4.75 | 1.03 | .34 | -1.26 | -17.80 | .72 | .42 | Q | 71.1 | 14.0 | 2.6 | 14.9 | .08 | .5 | 10-18-82 | 38.1 | 1.0 | 1.2 | 3.45 | 6.07 | 1281 |
| Sonesta Hotel | SNSTZ | 15.50 | 15.50 | 15.50 | .00 | .00 | 16.50 | 8.50 | -.34 | -.17 | -1.48 | -44.00 | .28 | -.11 | F | -28.2 | 5.0 | .9 | 55.4 | .20 | 1.3 | 06-25-82 | 80.1 | .7 | 1.1 | 26.22 | 9.51 | 1282 |
| So Hospitality | SHOS | 5.63 | 5.00 | 5.25 | -.50 | -8.70 | 6.25 | 1.38 | -.15 | -1.33 | -2.83 | 11.54 | .14 | .21 | N | NC | 25.0 | 2.5 | 25.0 | .00 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 5.75 | 5.38 | 5.63 | .50 | 9.76 | 5.75 | 2.50 | 1.02 | -.23 | -1.65 | -25.30 | .18 | .12 | F | 200.0 | -28.0 | 1.4 | 31.3 | .00 | .0 | 05-17-79 | 57.2 | .8 | 1.2 | 4.60 | 2.60 | 0981 |
| Victoria Stations | VSTA | 9.63 | 8.50 | 8.50 | .00 | .00 | 10.38 | 5.00 | .22 | -2.34 | 1.64 | -9.77 | .35 | -1.05 | N | -875.0 | -41.0 | 1.0 | NE | .00 | .0 | 09-19-79 | 123.4 | 1.2 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 19.25 | 17.75 | 18.00 | .25 | 1.41 | 19.25 | 9.59 | .11 | -1.26 | -.43 | -12.80 | 1.13 | .12 | F | 11.8 | 18.0 | 7.3 | 15.9 | .24 | 1.3 | 02-22-83 | 607.6 | 44.1 | .6 | 2.56 | 5.27 | 1281 |
| Webb Del E | WBB | 15.13 | 13.88 | 15.00 | 1.00 | 7.14 | 15.88 | 5.88 | -.18 | .50 | -.63 | -8.22 | -.11 | .47 | F | NE | -25.0 | -.4 | NE | .00 | .0 | 11-07-80 | 311.2 | -1.1 | 1.1 | 16.12 | 13.25 | 1281 |
| Western Steer | WSMP | 14.75 | 12.25 | 14.75 | 2.75 | 22.92 | 14.75 | 8.00 | 1.06 | 1.02 | 4.35 | -63.95 | 1.06 | 1.13 | N | NC | 9.0 | 3.7 | 13.1 | .12 | .8 | 12-08-82 | 27.3 | 1.0 | 1.3 | 6.97 | 6.29 | 0282 |
| Winners Cp | WNER | 13.00 | 12.63 | 12.88 | .13 | .98 | 14.63 | 6.94 | -.61 | -.43 | .31 | -10.81 | .62 | .12 | F | 24.0 | 7.0 | 2.6 | 20.8 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .3 | 10.03 | 5.32 | 1281 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*

**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

*Company's top 3rd qtr.*

# Saga net profit jumps 44%

MENLO PARK, Calif.—Saga Corp. net profit jumped 44% to $6.6 million for the third quarter ended March 26, compared to the same period a year ago.

Revenues for the period were up 10% from last year to $252 million.

For the first nine months of the year net profit was $18.4 million vs. $13.9 million last year—a 32% increase. Nine-month revenues were up 8% to $728.6 million, compared to $673.9 million last year.

"Our third-quarter earnings were better than we had anticipated and reflect the best third quarter performance in the company's history," said Charles A. Lynch, Saga chairman and ceo. Lynch was particularly pleased with the 20% third-quarter increase in restaurant division sales; gains in the first half were a more modest 12%. "This growth was the result of new store additions, special promotional efforts and the continuing consumer acceptance of new product offerings," he said.

"The more moderate revenue growth which we experienced during the first half of our fiscal year in our contract food-service divisions continued during the third quarter," Lynch said. Through nine months the contract divisions had posted revenues of $494.4 million, up 5% from last year's nine-month gross of $469.4 million.

Lynch reported that operating margins in both the restaurant and contract segments continued to improve in the third quarter. He credited continuing moderate food cost inflation, stringent management cost controls and effective cash management programs for the improved earnings performance.

Saga owns and operates three restaurant chains: Stuart Anderson's Black Angus/Cattle Co., Straw Hat Pizza and The Velvet Turtle, in addition to providing contract food-service management to colleges, corporations and hospitals.

## Dairy Queen net leaps 213% in first quarter

MINNEAPOLIS—International Dairy Queen, franchisor of more than 4,700 soft-serve ice cream shops, reported net profit rose 213% to $417,475 during the first quarter ended Feb. 25 compared with the same period of the previous year.

Revenues rose 28% to $20.4 million during the quarter.

The chain is progressing with the rollout of its new line of hard ice cream, during the next year. Harris Cooper, president and chief executive officer, said Dairy Queen would make its new product available in 19 new markets by midsummer.

The product, dubbed "Queen's Choice," has been in limited testing since the summer of 1981.

Cooper said that crossover between the new line and Dairy Queen's traditional soft-serve product was minimal in the test markets. This, he said, proves that soft ice cream and hard ice cream are separate markets.

Volumes increased about 5% in stores offering the new line, the company said.

The higher profitability of hard ice cream will pay off for IDQ, Cooper said. He added that the hard ice cream sales could eventually comprise about half of his chain's total business.

## Carl Karcher Ent. net up 41% in fiscal '82

ANAHEIM, Calif.—Karl Karcher Enterprises has scored a 41% net profit increase to $9.8 million for the fiscal year ended Jan. 28 compared to last year.

Revenues for the full year were up 15% to $231 million.

The company owns and operates more than 350 Carl's Jr. fast-food restaurants in California, Arizona and Nevada.

For the 12 weeks ended Jan. 28 net profit increased 42% over the same period a year ago, not including the gain on sales of nine Taco de Carlos units. The fourth-quarter net was $2.2 million on sales of $55.8 million compared to a posted net profit of $1.6 million on sales of $47.2 million in last year's closing quarter.

During fiscal 1983 the company owned 37 new Carl's Jr. outlets. Further development in existing and new markets is planned for the current year, with an emphasis on Arizona.

## Hyatt Corp. withdraws Braniff offer

FORT WORTH—Hyatt Corp. withdrew its offer at presstime to get Braniff International airborne again. But whether it's the final curtain or just another act in a continuing drama remained to be seen.

The Chicago-based hotel chain pulled back its $35 million offer—which had been upped from $10 million—to relaunch Braniff in return for 80% of the carrier's common stock.

Instead, secured creditors, who would have borne much of the risk in a reincarnation, pushed a plan to remake the once high-flying airline into a strictly ground-service business.

# Shoney's profits rise 4.3%

NASHVILLE—Shoney's Inc. reported net profit for the first quarter ended Feb. 20 increased 4.3% to $5,142,906, compared to the same period last year.

Revenues for the quarter increased 26% to $108,370,326.

This was the 95th consecutive quarter in which revenues and earnings per share were higher than the same quarter of the previous year.

In other news, Shoney's recently sold 750,000 shares of common stock at $26 a share for a gain of $19.5 million.

Taylor Henry Jr., vice president of finance, said the proceeds would be used to repay bank borrowing and provide funds for buying, developing and building restaurants.

Raymond L. Danner, chairman and chief executive, said the increase in first quarter sales was due to the opening of new units and a "continued strong customer count."

He said average restaurant sales increased 10.5%, resulting a real sales gain of 6.5%, after deducting menu price increases.

Shoney's opened 24 company-operated restaurants during the first quarter—three Shoney's, 11 Captain D's, and 10 Lee's Famous Recipe. Eleven new franchised units were opened.

Nashville-based Shoney's Inc. operates or franchises more than 1,000 restaurants in 33 states.

In its report on first quarter results Shoney's said net profit for 1983 includes the goodwill write-off of $144,546 related to the purchase of the Lee's Famous Recipe chain.

## Taco Viva net increases 46%

POMPANO BEACH, Fla.—Taco Viva, a 45-unit chain of Mexican-style fast-food restaurants based here, reported net profit for the quarter ended Feb. 28 rose 46% to $292,000 compared to the same period last year.

Sales for the quarter went up 39% to $4,275,000.

For the first nine months of the fiscal year, profit was up 62% to $650,000.

J. Brion Foulke III, president, said the increases in sales and profit were due to better volumes in established units

## Restaurant Associates earnings off 40%

NEW YORK—Restaurant Associates, operator of the 19-unit Charlie Brown's group and several specialty restaurant concepts, reported net income off 40% to $1.9 million for the fiscal year ended Jan. 1.

Sales for the year edged upward 5% to $104 million while income from regular operations increased 4% to $3 million.

A company spokesman said the drop in net profit owed to the absence of last year's extraordinary tax credit of $929,000 and the reduction of nonrecurring pretax gains on the disposal of facilities by $729,000.

During 1982 Restaurant Associates added 12 restaurants and one hotel to its system, while closing five operations. It also entered into an agreement with the Chicago-based Levy Organization to help expand Levy's casual-themed Hillary's to the Eastern Seaboard.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| JB's Rest. Inc. | 12 wks.<br>24 wks. | 3/13 | $ 11.551<br>22.826 | 22.0<br>20.0 | | | $287,151<br>673,157 | 76.7<br>37.0 |
| Int'l Dairy Queen | 13 wks. | | 20.472 | 28.3 | | | 417,475 | 212.0 |
| Church's Fried Chicken | 12 wks. | 3/20 | | | 91.610 | 4.9 | 8.123 | 3.3 |
| Taco Viva Inc. | 13 wks.<br>9 mos. | 2/28 | 4.275<br>11.249 | 38.6<br>24.5 | | | 292,000<br>650,000 | 46.0<br>62.0 |
| Carl Karcher Ent. | 12 wks.<br>12 mos. | 1/28 | 55.755<br>231.024 | 18.0<br>15.1 | | | 2.224<br>9.763 | (2.4)<br>40.5 |
| Shoney's Inc. | 3 mos. | 2/20 | | | 108.400 | 26.0 | 5.100 | 4.3 |
| Pizza Inc. | 3 mos.<br>12 mos. | 12/26 | | | 34.900<br>14.050 | (1)<br>1.0 | 476,000 | 1,486.0<br>22.0 |
| Hungry Tiger | 3 mos.<br>6 mos. | 2/18 | 13.000<br>25.600 | 7.0<br>6.0 | | | 459,000<br>585,000 | (2)<br>(30) |
| Max & Erma's | 10 mos. | 10/31 | 12.400 | 14.0 | | | 184,895 | — |
| Marcus Corp. | 3 mos.<br>9 mos. | 2/3 | 22.800<br>76.100 | 12.3<br>5.1 | | | 755,000<br>4.700 | 97.0<br>8.3 |
| Skipper's | 3 mos. | 3/20 | 10.500 | 40.0 | | | 439,000 | 4,390.0 |
| Chi-Chi's | 3 mos.<br>9 mos. | 1/31 | | | 24.600<br>68.800 | 95.0<br>109.0 | 2.100<br>6.500 | 213.0<br>109.0 |
| Esteban's Mexican Foods | 3 mos.<br>12 mos. | 12/25 | | | 2.000<br>6.100 | 63.0<br>31.0 | (212,587)<br>(505,670) | —<br>— |
| Luby's Cafeteria | 3 mos.<br>6 mos. | 2/28 | | | 33.700<br>67.300 | 10.0<br>11.0 | 3.000<br>6.200 | 17.0<br>21.0 |
| Restaurant Associates | 12 mos. | 1/1 | 104.000 | 5.0 | | | 1.900 | (40.0) |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Hungry Tiger net down 2%

LOS ANGELES—Hungry Tiger Inc. has posted net profits of $459,000 on sales of $12,999,000 for the 12-week second quarter ended Feb. 18. In the like period last year earnings were $470,000 on sales of $12,198,000.

For the 24 weeks ended Feb. 18 profits were $585,000 vs. $836,000 in the same period last year. Sales in the 24-week period were up 6% to $25,616,000.

During the second quarter, the company completed its purchase of the 12-unit Lobster House chain for cash estimated at more than $5 million. Lobster House had sales in 1982 of approximately $18 million.

"We believe that our new menu and increased advertising are beginning to have a positive impact," said president and ceo Alan Redhead, who also said the Lobster House acquisition should have a positive impact on Hungry Tiger earnings.

## Luby's profit up 21% in 2nd qtr.

SAN ANTONIO, Tex.—Luby's Cafeterias has posted a 17% increase in earnings for the second quarter ended Feb. 28. Net income for the 66-unit chain was $2,985,000 on revenues of $33,654,000, compared to a $2,552,000 net on sales of $30,654,000 in the same period last year.

For the six months ended Feb. 28, profits were up 21% over the first half of last year. The six-month net was $6,192,000 on revenues of $67,335,000 vs. $5,113,000 on revenues of $60,972,000 last year.

*COMPLETE*
**NRA SHOW SCHEDULE**
*Coming next issue*

NRN FOCUS

WINE & SPIRITS

# Imported table wines score gains

NEW YORK—The strength of the dollar vs. foreign currencies is boosting sales of imported vs. domestic table wines here, according to the latest figures from wine industry sources.

Imported table wine shipments were up 6.4% last year to 107.3 million gal. from 100.8 million gal. in 1981. Although the increase was less than the 10.7% gain in imports rung up the year before, preliminary figures indicate the gain is substantially greater than any registered by domestic table wines.

A market share and gallonage report for imported table wines, released recently by Impact Wine & Spirits Newsletter, shows that among wine exporting countries France scored the biggest gains in the United States market of any last year.

French table wine imports here jumped 19.9% in 1982 to 18 million gal. from about 15 million in 1981. Large as this gain is, it does not match France's 1981 gain of 32.3%.

Other major imported wine supplying countries did not register gains anywhere near as great, however. Italy's increase last year was 5.3% to 63 million gal.; German table wine imports were up 1.3% to 13.2 million gal., and Portugal and Spain's table wines both dropped, 5.8% and 0.3%, respectively, in gallonage imported into the United States.

## IMPORTS OF TABLE WINE INTO U.S. BY COUNTRY OF ORIGIN

(Total Percentage Share Of Imported Market)

| Country | 1960 | 1970 | 1975 | 1980 | 1981 | 1982 |
|---|---|---|---|---|---|---|
| Italy | 35.1% | 18.4% | 29.8% | 59.6% | 59.4% | 58.7% |
| France | 37.2 | 32.6 | 18.6 | 12.5 | 14.9 | 16.8 |
| Germany | 16.4 | 13.5 | 15.3 | 12.8 | 12.9 | 12.3 |
| Portugal | 2.1 | 19.0 | 16.9 | 6.2 | 5.3 | 4.7 |
| Spain | 2.8 | 10.2 | 14.7 | 5.3 | 4.0 | 3.7 |
| Greece | 1.6 | 1.4 | 1.2 | 0.6 | 0.6 | 0.6 |
| Yugoslavia | 1.0 | 0.2 | 0.3 | 0.3 | 0.4 | 0.5 |
| Chile | 0.9 | 0.5 | 0.1 | 0.2 | 0.3 | 0.3 |
| Hungary | 0.4 | 0.4 | 0.2 | 0.3 | 0.3 | 0.3 |
| Argentina | — | 0.1 | 0.3 | 0.2 | 0.2 | 0.2 |
| Other | 2.5 | 3.7 | 2.7 | 2.0 | 1.8 | 1.9 |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

*Source:* Impact Wine & Spirits Newsletter. *©1983 M. Shanken Communications. Used by permission.*

## IMPORTS OF TABLE WINES INTO U.S. BY COUNTRY OF ORIGIN

(In Thousands Of Gallons)

| Country | 1975 | 1980 | 1981 | 1982 | Average Annual Compound Growth Rate 1975-1980 | Per cent Change 1980-1981 | Per cent Change 1981-1982 |
|---|---|---|---|---|---|---|---|
| Italy | 11,883.5 | 54,259.2 | 59,859.9 | 63,023.6 | 35.5% | 10.3% | 5.3% |
| France | 7,411.9 | 11,380.6 | 15,053.6 | 18,050.2 | 9.0 | 32.3 | 19.9 |
| Germany | 6,103.2 | 11,659.0 | 13,034.0 | 13,197.6 | 13.8 | 11.8 | 1.3 |
| Portugal | 6,715.8 | 5,683.4 | 5,366.4 | 5,053.5 | – 3.3 | – 5.6 | – 5.8 |
| Spain | 5,848.0 | 4,804.5 | 3,979.8 | 3,966.5 | – 3.8 | –17.1 | – 0.3 |
| Greece | 494.3 | 572.9 | 570.7 | 627.1 | 3.0 | – 0.4 | 9.9 |
| Yugoslavia | 98.3 | 312.4 | 349.6 | 562.3 | 26.0 | 11.9 | 60.8 |
| Chile | 18.3 | 272.2 | 272.2 | 287.1 | + | 22.4 | 5.5 |
| Hungary | 63.4 | 233.3 | 305.6 | 286.4 | 29.9 | 31.0 | – 6.3 |
| Argentina | 123.7 | 177.1 | 192.6 | 189.4 | 7.4 | 8.7 | – 1.7 |
| Other | 1,083.9 | 1,811.6 | 1,844.1 | 2,071.2 | 10.8 | 1.0 | 12.3 |
| Total | 39,844.3 | 91,116.5 | 100,828.5 | 107,314.9 | 18.0% | 10.7% | 6.4% |

Source: *Impact Wine & Spirits Newsletter.* ©1983 M. Shanken Communications. Used by permission.

# Pascale: Successful restaurant marketing separate wine bar

**Chuck Pascale, who also runs a fine wine store, checks in new shipments in the restaurant's extensive wine cellar.**

*(Continued from page 97)*

taste at the bar, they'll order with their dinner and that's where Neal and I, making suggestions, come in.

Chuck Pascale lives in two business worlds, the wine store and the restaurant and often finds himself talking in the dynamics of either.

"Ten years ago," he said, lapsing into his retailer mode, "you had to justify to the customer why he should spend $7 on a California Cabernet rather than continue with the bottle of jug red he was drinking. The same sort of educational process has to occur in a restaurant."

Pascale emphasizes quality in its pouring brands to a degree that would make the most aggressive wine marketer purr with happiness. The pouring Vodka is a top-of-the-line import, matching similarly premium pouring Scotch, Rye and Bourbon. Most drinks sell for $2. The house wine most recently was a Chenas, a Cru Beaujolais, specially bottled with a Pascale label.

The emphasis on wine, including Cognacs and liqueurs, pays off in a 50-50 ratio of food and spirit sales, with wine making up 60% of the sales of alcoholic beverages. The rest is split between beer and spirits.

The menu changes frequently or, as Chuck quips, "We have an opening night every three weeks." The brothers come from a long-time Syracuse family and their wide acquaintance range helped keep the place sold out for its first week when they didn't bother to advertise.

Two weeks after opening, they put a 1½-in. by 1-in. ad in the local paper, without an address and Neal was locked to the phone answering questions: "Do you have spaghetti and meatballs? Do you have Ravioli? Lasagna? Coupons? Fish fry?"

Any slackening that might have occurred in the midwinter doldrum period was taken up in March when the town's leading critic defined Pascale's place in the local restaurant pantheon with extravagant praise, calling it "attractive, innovative, creative, friendly and stylish."

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**Fine Dining Hall of Fame Awards—Pp. 33-66**
**Chicago Market Study—Pp. 101-136**

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Nation's
# Restaurant News
*The Newspaper of the Food Service Industry*

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# Operators spreading their assets

## *Profit margins up, customer counts flat*

By Charles Bernstein

Viewing the second half hopefully but cautiously, chain and independent operators alike still face a classic dilemma of whether to concentrate on one concept only or to diversify to various alternatives.

Perhaps surprisingly, most have been opting and will continue to opt for the latter choice. They simply aren't willing to risk putting all their eggs in one basket in such an unpredictable economy where one segment bounces up and another down almost monthly. Or they sense a real opportunity to gain wider market shares through alternative concepts.

Thus Saga is in the process of acquiring not one but two Dallas-based regional chains with national potential—Chili's and Grandy's—to add to its three-chain arsenal, after waiting two years for the "right acquisition."

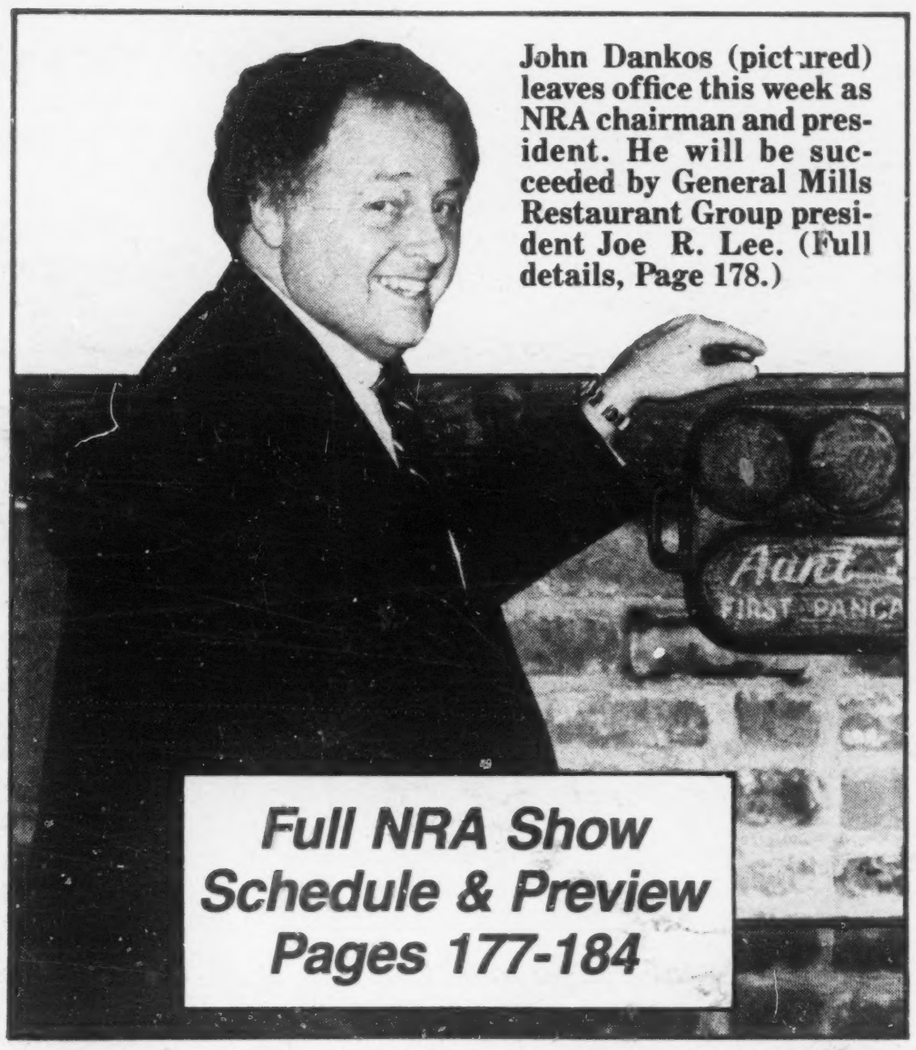
Kelly-Johnston, a leading Chi-Chi's franchisee, is acquiring Joe Kelly's steak and seafood restaurant and the Oyster Dock in its home Oklahoma City market as a prototype for two new projected chains; W. R. Grace is purchasing Gladstone's seafood restaurant in Los Angeles as a potential chain beyond Grace's already long list of chains; Ponderosa is branching into Casa Lupita Mexican dinnerhouses; Wendy's is trying to push Sisters Chicken, and Howard Johnson will be a Burger King turnpike franchisee.

McDonald's is trying a McSnack nonburger prototype, MiniMac scaled-down units, dessert centers, and drive-thrus only, although the reality is that McD will stick 98% with its inside seating regular-type units.

For independents the massive economic pressures, or in some cases the creative drive of intense entrepreneurs, is leading to mini-independent diversified empires such as the San Francisco-based Spectrum Foods mix of quality restaurants; the Richard Melman, Arnie Morton, Mark Levy and Jim Errant diversified restaurants in Chicago; and the Atlanta-based Peasant restaurant group.

Of course, there's a fine line between a mini-independent group and an actual chain, but these entrepreneurs like to con-

*(Continued on page 222)*




**John Dankos (pictured) leaves office this week as NRA chairman and president. He will be succeeded by General Mills Restaurant Group president Joe R. Lee. (Full details, Page 178.)**

***Full NRA Show Schedule & Preview Pages 177-184***

Set to close deals on Chili's, Grandy's

# *Big Saga moves in Texas*

By Richard Martin

MENLO PARK, Calif.—Saga Corp. has signed letters of intent to acquire the 20-unit Chili's and 62-unit Grandy's chains.

The two transactions would close about Aug. 1 if final agreements are completed and the boards of all three companies approve.

Terms of the proposed transactions were not disclosed, but it is believed Saga is set to pay over $25 million for Chili's. Several other major corporations had made offers for the highly profitable burger chain in the past two months.

Chili's sales in 1982 were approximately $26 million. Grandy's revenues last year were about $22 million on systemwide sales of $48 million.

All of Chili's 20 restaurants are company-owned and operated, including seven opened in the last year. Forty-two of Grandy's 62 units are franchised; last year five company and 18 franchised stores opened, while 10 franchised units were closed in a dispute with a franchisee.

Saga chairman and ceo Charles A. Lynch said both proposed acquisitions would provide the company with vehicles having "substantial growth potential," and were consistent with Saga's long-term strategic business plan.

Saga owns and operates three restaurant chains: Stuart Anderson's Black Angus/Cattle Co., Straw Hat Pizza and Velvet Turtle. Although diverse

*(Continued on page 221)*

# Top chefs acquiring taste for ownership

By Roman Czajkowsky

CHICAGO—Jackie Etcheber's life-long dream came true last September.

That's when Etcheber, 30, opened her first full-fledged restaurant of her own, after working her way through the kitchen at the well-known Le Francais in Wheeling, Ill., after years of college studying hotel and restaurant management, more years of hard work at assorted hotels where she learned all about running a business, and even after owning a hotdog/sandwich stand of her own.

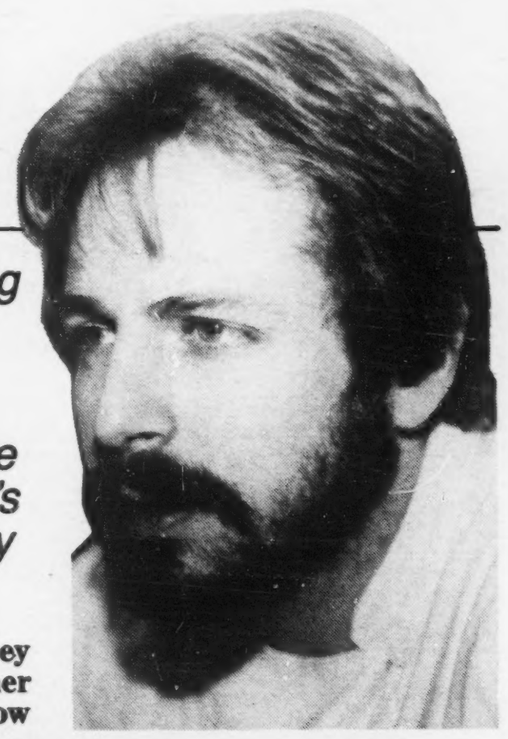
Etcheber exemplifies a growing phenomenon, one that is certain to have some profound as well as more subtle implications for the restaurant industry and consumers alike: Etcheber, and a number of like-minded foodservice professionals, have left or are leaving the kitchens of others and striking out on their own.

By itself that's not a new development. But a new pattern can be discerned: increasingly, the switch is being made by young people, chefs with often no more than a couple or so years of experience. As a rule, they're hard-pressed for funds, and so establish themselves in small, often out-of-the-way locations. And virtually without

*(Continued on page 222)*

*'More and more young people . . . think they can do it on their own. I see too many people jumping on the bandwagon, and that's why we have so many turnovers.'*

**—Mike Foley**
**chef-owner**
**Printer's Row**



# Chains cultivating inner-city markets

By Charles Forman

Major fast feeders, warring for a larger market share among blacks and Hispanics are pursuing new or expanded business in Inner-City neighborhoods.

In the aftermath of a nationally heralded "mutual aid agreement" with Rev. Jesse Jackson's Operation PUSH (story, page 28), Burger King is actively soliciting ghettowise franchisees with ads in periodicals for blacks like Black Enterprise, Dollars & Sense, and The National Leader.

At the same time the company is buying up Arby's units in Milwaukee and Kansas City, planning 18-20 conversions in the next few months. Many will be in the most densely populated sections of those cities, a spokesman said.

KFC, tapping a $100-million expansion fund, is moving to build as many as 400 stores in the Washington-Baltimore-Philadelphia-New York corridor "as rapidly as we can, a goodly number in inner-city locations," Dick Mayer, chairman and chief executive said.

"We've been developing the inner city market for the last four years," Mayer said.

Wendy's recently signed an agreement with Noah Robinson, a black businessman, giving Robinson franchise rights to build Wendy's fast-food hamburger units on Chicago's southside.

Robinson also operates two Wendy's and four Church's in Harlem, N.Y. and will be involved in Bojangle's projected expansion in Chicago.

*(Continued on page 222)*

## LATE NEWSBREAKS

**The Chuck Muer Corp., Detroit, has agreed to buy all eight Meriwether's dinnerhouses from General Foods. The units are in Detroit, Chicago, Minneapolis, Milwaukee, and Short Hills, N.J. Muer operates 26 other dinnerhouses.**

**Marriott Corp. has completed the sale of 94 Rustler steakhouses to Tenly Enterprises of Rockville, Md., and 17 Rustler units to Sizzler Restaurants based in Los Angeles. Sizzler will convert at least 13 of the units to Sizzlers. (Earlier Sizzler story, Page 12)**

**Church's Fried Chicken was set to open its first freestanding upscale unit this week in a converted Krystal in Atlanta. The new Church's will differ from others in its classier interior and exterior and its larger menu.**

**Wendy's has added stuffed baked potatoes to its list of test items. The stuffed potatoes, priced from $1.29 to $1.89, come plain, with cheese, bacon and cheese or broccoli and cheese.**

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FINANCIAL NEWS

# Denny's earnings up 13%

LA MIRADA, Calif.—Denny's has reported a 13% increase in net profit to $8.1 million for the third quarter ended March 25, compared to the same period last year. Revenue for the period was up 12% over last year to $258.7 million.

Operating income for the quarter was actually up 28% from last year, the company reported, but a sharp drop in interest income, from $3.4 million last year to $1.1 million this year mitigated the bottom line advance.

Nine-month net profit was up 11% to $29.2 million on an 11% advance in revenue to $781.8 million.

Denny's restaurant division revenues for the third quarter were up 15% to $206 million. Average sales of company-operated units rose 6% in the quarter to $231,000, half from price increases and half from increased traffic.

Winchell's Donut House revenues rose in the quarter, but at a slower pace than menu price hikes. Average sales in the company's 836 domestic Winchell's units were $47,600, up 4% from the third quarter last year. Menu prices were increased 6% during the latest quarter.

Denny's will launch its 45-unit test of a line of five deli sandwiches this month in California Winchell's stores, in hopes of boosting doughnut house customer traffic.

President Vern O. Curtis said Denny's restaurants continued to gain market share nationally during the March quarter in the full-menu segment. Part of Curtis's strategy for augmenting these gains, he said, was further development of menu items that are not available elsewhere or are not readily prepared at home.

# Naugles posts 59.8% profit gain in 3rd qtr.

FULLERTON, Calif.—Naugles Inc. has reported a 59.8% increase in net profit to $262,978 for the third quarter ended April 7, compared to the same period last year. Revenue for the period was up 67% over last year to $20.05 million.

For the 40 weeks ended April 7 net profit was up 32% to $1.9 million, while revenues rose 63% to $63.6 million.

During the third quarter the 24-hour fast-food operator opened 10 new units, bringing the total to 154 stores in seven states. At the end of last year's third quarter there were 88 stores in six states.

Chairman Harold Butler projects that the chain will comprise 165 units by fiscal year end on June 30, including its first restaurants in Florida. The company also plans to introduce chicken to its basic burger/taco/burrito menu in the fourth quarter, as well as adding additional types of tacos.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two weeks ended May 6 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | | Last Fiscal Year (Per Share) | | |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | Current Ratio | Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Aca Los A Res | ALAR | 7.13 | 5.88 | 7.13 | 1.13 | 18.75 | 7.88 | 3.75 | .67 | 3.40 | 2.33 | 29.42 | .05 | -.09 Q | -42.8 | -29.0 | .3 | 59.4 | .00 | .0 | 01-06-81 | 37.1 | .1 | 2.4 | 5.69 | 2.90 | 1081 |
| Am Motor Inns | INN | 36.38 | 32.13 | 36.25 | 2.13 | 6.23 | 36.38 | 15.88 | .36 | 1.74 | 1.46 | 13.43 | 2.10 | .45 S | 24.8 | 28.0 | 7.0 | 16.0 | .25 | .7 | 01-26-83 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 50.75 | 46.75 | 50.50 | 3.00 | 6.32 | 50.75 | 25.25 | -.17 | 1.49 | -1.71 | 43.39 | 3.43 | -.36 Q | -9.4 | -8.0 | 1.4 | 14.7 | 2.05 | 4.1 | 05-26-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 25.00 | 24.00 | 24.25 | -.75 | -3.00 | 25.00 | 5.00 | .84 | -.76 | -3.06 | -37.61 | .58 | -.12 S | -16.6 | -15.0 | 2.2 | 40.4 | .12 | .5 | 03-04-83 | 78.6 | 1.7 | 1.6 | 6.60 | 7.58 | 0982 |
| Beefsteak Char | BCS | 8.50 | 7.25 | 8.25 | .75 | 10.00 | 9.75 | 4.50 | -.13 | -.20 | 2.66 | -25.00 | .88 | .17 Q | 26.1 | 38.0 | 3.7 | 10.1 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 29.00 | 26.00 | 27.50 | 1.50 | 5.77 | 29.06 | 14.66 | .01 | -1.02 | 1.18 | -28.38 | 1.09 | -.03 N | -2.7 | 21.0 | 7.9 | 26.2 | .30 | 1.1 | 05-09-83 | 173.4 | 13.7 | 1.7 | .00 | 5.17 | 0482 |
| Bonanza Intl Inc | BNZA | 4.50 | 4.13 | 4.38 | .25 | 6.06 | 4.50 | 1.50 | .61 | -.15 | -3.13 | -68.17 | .11 | .17 Q | NC | -81.0 | 3.1 | 25.7 | .00 | .0 | 00-00-00 | 16.1 | .5 | 1.6 | 9.70 | 1.67 | 1282 |
| Brock Hotel Cp | BHC | 11.00 | 8.75 | 11.00 | 2.00 | 22.22 | 17.25 | 7.50 | .15 | 2.65 | 5.14 | 49.77 | .39 | -.31 Q | -52.5 | -4.0 | 2.0 | 39.3 | .10 | .9 | 03-15-83 | 259.8 | 5.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 15.00 | 14.25 | 14.50 | -.50 | -3.33 | 17.25 | 5.16 | -.67 | -1.33 | -4.75 | -44.12 | .74 | .50 N | 119.0 | 9.0 | 3.2 | 15.8 | .20 | 1.4 | 04-28-83 | 37.0 | 1.2 | .6 | 1.01 | 1.51 | 0282 |
| Captain Crabs | CRAB | 3.88 | 3.75 | 3.88 | .13 | 3.33 | 4.13 | 1.00 | -.54 | .00 | 3.03 | 9.83 | .00 | .00 Q | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Develop | CRL | 12.00 | 10.75 | 11.75 | 1.00 | 9.30 | 12.00 | 3.34 | -.04 | .43 | -.64 | -29.41 | .44 | .40 N | 93.0 | 22.0 | 1.9 | 14.2 | .07 | .6 | 02-02-83 | 68.6 | 1.3 | .6 | 6.55 | 4.00 | 0582 |
| Chart House | CHHO | 30.75 | 28.38 | 29.50 | .63 | 2.16 | 30.75 | 17.25 | .34 | -.67 | -2.22 | -29.68 | 2.08 | .05 F | 2.4 | 13.0 | 4.9 | 14.2 | .60 | 2.0 | 03-17-83 | 382.0 | 18.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 28.75 | 23.50 | 28.75 | 4.75 | 19.79 | 28.75 | 8.75 | .28 | 2.80 | 1.03 | -2.80 | .55 | .34 N | 82.9 | 26.0 | 11.7 | 38.3 | .00 | .0 | 12-20-82 | 38.6 | 4.5 | 3.0 | 2.18 | 2.26 | 0482 |
| Ch Full O Nut | CHF | 17.88 | 16.63 | 17.88 | .50 | 2.88 | 19.88 | 12.00 | -.26 | .33 | -2.40 | -1.71 | .34 | -.07 S | -14.5 | -11.0 | 1.4 | 43.6 | .40 | 2.2 | 12-09-82 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 43.00 | 40.25 | 43.00 | 1.25 | 2.99 | 43.00 | 25.00 | -.06 | -.07 | 3.20 | 62.32 | 3.28 | -.18 Q | -5.1 | 9.0 | 10.1 | 13.0 | 1.00 | 2.3 | 01-24-83 | 413.1 | 41.6 | 1.8 | .93 | 17.60 | 1282 |
| Cindys Inc | CNDYC | 4.00 | 3.00 | 3.00 | -.13 | -4.00 | 4.00 | 2.63 | -.11 | 1.32 | 5.30 | 39.67 | .13 | .19 F | NE | NE | 1.7 | 23.1 | .00 | .0 | 00-00-00 | 17.2 | .3 | .0 | 7.17 | .29 | 1281 |
| Collins Foods | CF | 26.63 | 25.00 | 26.38 | 1.00 | 3.94 | 26.63 | 10.88 | .16 | .07 | 1.16 | -6.20 | 1.69 | .53 N | 33.3 | 16.0 | 3.2 | 12.4 | .24 | .9 | 03-25-83 | 298.0 | 9.6 | 1.3 | 7.44 | 10.69 | 0482 |
| Consul Corp | CNSL | 15.13 | 13.38 | 15.13 | 1.13 | 8.04 | 15.13 | 5.88 | -.03 | 2.05 | -.34 | 27.75 | .00 | .16 N | 400.0 | NE | .0 | 75.6 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 29.25 | 27.75 | 29.00 | 1.25 | 4.50 | 29.25 | 9.25 | .16 | .14 | -3.40 | -3.32 | 1.03 | .18 S | 17.8 | 19.0 | 3.7 | 24.4 | .00 | .0 | 00-00-00 | 35.4 | 1.3 | 1.9 | 5.35 | 6.69 | 0782 |
| Dennys Inc | DEN | 36.75 | 33.25 | 35.00 | -1.50 | -4.11 | 36.88 | 22.38 | -.11 | .16 | -2.65 | 2.35 | 2.47 | .26 N | 11.1 | 9.0 | 3.9 | 13.5 | .64 | 1.8 | 03-04-83 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 21.88 | 20.50 | 21.50 | -.25 | -1.15 | 22.13 | 9.91 | -.05 | .32 | -2.46 | -40.73 | 1.40 | .20 Q | 15.8 | 18.0 | 9.4 | 14.7 | .24 | 1.1 | 02-07-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 18.38 | 16.00 | 18.38 | 1.88 | 11.36 | 18.38 | 7.94 | .06 | -.11 | 1.37 | -18.25 | 1.80 | -.27 N | -15.0 | 12.0 | 3.8 | 12.1 | .40 | 2.2 | 03-29-83 | 101.0 | 3.8 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 25.50 | 23.38 | 24.38 | -.88 | -3.47 | 25.50 | 9.63 | .55 | -.60 | -3.66 | -24.00 | .65 | .07 F | 12.0 | 121.0 | 14.9 | 37.5 | .00 | .0 | 00-00-00 | 40.2 | 6.0 | 2.0 | .76 | 1.01 | 1281 |
| Hambrg Hamlet | HAMB | 11.25 | 11.25 | 11.25 | .00 | .00 | 11.25 | 5.00 | 1.20 | -.66 | -1.66 | -35.48 | 1.35 | .54 N | 93.1 | -8.0 | 3.2 | 10.0 | .00 | .0 | 00-00-00 | 31.6 | 1.0 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.63 | 1.50 | 1.50 | -.13 | -7.69 | 2.50 | .88 | 1.40 | -3.19 | 9.13 | -50.00 | -2.22 | -5.08 N | -336.8 | -63.0 | -11.4 | NE | .00 | .0 | 00-00-00 | 30.6 | -3.5 | 1.4 | 18.38 | 8.12 | 0981 |
| Hilton Hotels | HLT | 57.38 | 47.00 | 57.00 | 6.88 | 13.72 | 57.38 | 27.63 | .38 | 3.18 | 2.49 | -12.35 | 3.04 | -1.10 Q | -27.9 | .0 | 14.4 | 20.1 | 1.80 | 3.2 | 02-28-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 51.25 | 43.13 | 49.88 | 4.63 | 10.22 | 51.25 | 24.50 | .42 | 2.63 | 1.16 | 6.56 | 2.50 | -.18 Q | -6.4 | 8.0 | 6.8 | 19.2 | .84 | 1.7 | 03-14-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Holiday Inns A | HIA A | 67.50 | 66.00 | 66.00 | 3.00 | 4.76 | 67.50 | 38.38 | .14 | -.66 | -3.69 | .00 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 34.13 | 28.75 | 33.50 | 3.50 | 11.67 | 34.13 | 13.06 | .79 | .53 | -1.42 | 15.09 | 1.14 | .37 Q | 40.2 | 39.0 | 2.8 | 26.0 | .00 | .0 | 09-27-82 | 235.4 | 6.6 | 1.7 | 11.45 | 6.30 | 1281 |
| Hungry Tiger | HTIG | 10.00 | 9.25 | 10.00 | .25 | 2.56 | 12.25 | 4.84 | -.40 | -.14 | -4.84 | -20.95 | .78 | -.07 S | -9.4 | 7.0 | 3.8 | 14.9 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 1.94 | 1.75 | 1.94 | .13 | 6.90 | 2.06 | 1.50 | .14 | 1.61 | 12.98 | -11.27 | .24 | .00 Q | .0 | -7.0 | 2.0 | 8.1 | .14 | 7.2 | 09-28-82 | 8462.9 | 171.0 | 1.1 | .65 | 2.08 | 1081 |
| Intl Dairy Queen | INDQ | 29.50 | 29.00 | 29.50 | .50 | 1.72 | 30.00 | 11.25 | -.30 | -.84 | -1.14 | 3.57 | 2.17 | .60 Q | 35.5 | 30.0 | 6.3 | 12.9 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 24.25 | 21.75 | 23.63 | 2.50 | 11.83 | 24.25 | 3.00 | 1.42 | -.81 | .49 | -32.64 | .33 | .98 N | 515.7 | 20.0 | 1.4 | 20.2 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 15.88 | 15.00 | 15.88 | .88 | 5.83 | 15.88 | 5.75 | .26 | -.40 | -1.57 | 3.51 | .93 | .27 S | 37.5 | 13.0 | 3.5 | 16.0 | .16 | 1.0 | 02-07-83 | 45.1 | 1.6 | .9 | 6.36 | 5.84 | 0982 |
| Jerrico Inc | JERR | 19.63 | 18.50 | 19.63 | .25 | 1.29 | 23.50 | 12.69 | -.31 | .47 | -1.34 | -19.22 | 1.40 | -.16 S | -10.8 | 22.0 | 5.1 | 15.0 | .12 | .6 | 05-09-83 | 425.5 | 21.8 | .9 | 2.91 | 8.99 | 0682 |
| Kapok Tr Inns | KTI | 6.88 | 6.50 | 6.63 | -.13 | -1.85 | 7.00 | 3.00 | .68 | -1.06 | -1.63 | 46.55 | -.37 | -.21 Q | NE | -46.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 16.75 | 13.88 | 16.75 | 2.63 | 18.58 | 24.50 | 10.34 | .15 | 2.60 | 3.32 | 10.40 | .59 | .26 N | 72.2 | 98.0 | 8.4 | 27.0 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 29.75 | 24.00 | 29.75 | 5.50 | 22.68 | 29.75 | 9.50 | .16 | 3.72 | 3.81 | 14.54 | 1.21 | 1.43 N | NC | 17.0 | 3.4 | 20.8 | .00 | .0 | 02-16-83 | 200.6 | 6.9 | 1.9 | 5.15 | 6.67 | 0182 |
| Lubys Cafe | LUB | 30.00 | 28.00 | 29.75 | .25 | .85 | 32.59 | 20.50 | -.48 | -.09 | 1.79 | -16.21 | 1.35 | .18 S | 14.4 | 20.0 | 9.1 | 20.8 | .48 | 1.6 | 06-06-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0882 |
| Marcus Corp | MRCS | 11.75 | 11.13 | 11.75 | 1.00 | 9.30 | 11.75 | 5.75 | .13 | -.66 | 6.48 | -.30 | 1.13 | .06 N | 5.1 | 4.0 | 5.7 | 9.6 | .00 | .0 | 08-24-81 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 72.38 | 66.38 | 72.13 | 3.88 | 5.68 | 72.38 | 32.00 | .15 | 1.09 | 1.10 | 33.48 | 3.44 | .38 Q | 11.8 | 24.0 | 3.7 | 20.1 | .36 | .5 | 03-21-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonalds Cp | MCD | 74.00 | 65.00 | 66.75 | -6.75 | -9.18 | 74.50 | 43.09 | -.38 | -.89 | 4.89 | -9.95 | 5.00 | .65 Q | 14.5 | 17.0 | 10.9 | 13.0 | .88 | 1.3 | 10-15-82 | 2769.5 | 300.6 | .5 | 15.35 | 22.73 | 1281 |
| Morrison Inc | MORR | 18.00 | 16.88 | 17.25 | -.75 | -4.17 | 20.13 | 9.75 | -.87 | -.87 | 3.93 | 26.30 | 1.16 | .31 N | 29.5 | 9.0 | 4.1 | 12.7 | .40 | 2.3 | 04-11-83 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 8.38 | 7.00 | 7.75 | -.75 | -8.82 | 9.00 | 1.75 | .44 | 2.00 | -4.88 | -27.70 | -.98 | -1.24 Q | -539.1 | -41.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.6 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 2.25 | 1.88 | 1.88 | -.13 | -6.25 | 2.50 | .72 | .16 | -.36 | 5.24 | 35.94 | .03 | .80 N | NE | NE | .6 | 18.8 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles | NAUG | 27.75 | 25.25 | 27.75 | 1.00 | 3.74 | 27.75 | 8.06 | .73 | -.10 | 5.40 | -7.73 | .78 | .88 N | NC | 48.0 | 3.9 | 31.5 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 18.00 | 16.50 | 16.50 | -1.50 | -8.33 | 18.50 | 9.00 | -.40 | -2.11 | -.95 | .00 | .69 | -1.50 Q | -93.1 | -36.0 | .4 | 150.0 | .32 | 1.9 | 12-29-82 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 6.88 | 5.00 | 6.88 | 1.75 | 34.15 | 8.50 | 4.38 | .30 | 6.74 | 7.43 | 39.05 | -.25 | -1.94 S | -192.0 | -28.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 10.50 | 9.00 | 10.50 | .50 | 5.00 | 10.50 | 4.38 | .72 | 1.19 | 2.36 | -13.64 | .19 | .20 N | NC | 81.0 | 13.8 | 52.5 | .00 | .0 | 00-00-00 | 5.8 | .8 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 17.50 | 16.63 | 16.75 | -.88 | -4.96 | 18.13 | 13.50 | -.35 | -.90 | -.49 | -12.24 | 1.39 | -.36 N | -25.0 | 9.0 | 5.9 | 15.5 | .56 | 3.3 | 03-09-83 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 13.38 | 11.75 | 12.88 | 1.25 | 10.75 | 13.38 | 4.50 | .65 | .36 | -.06 | -13.96 | .61 | .24 Q | 43.6 | 5.0 | 1.3 | 16.3 | .02 | .2 | 04-11-83 | 135.1 | 1.7 | .9 | 13.55 | 7.29 | 1282 |
| Pizza Time Thea | CHKY | 20.25 | 17.25 | 20.25 | 2.00 | 10.96 | 32.50 | 14.25 | .68 | 2.00 | -1.40 | 6.90 | 1.27 | .33 Q | 40.2 | 29.0 | 7.6 | 17.6 | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 22.50 | 20.00 | 21.50 | .50 | 2.38 | 22.50 | 9.34 | .08 | .00 | 1.23 | -19.05 | 1.50 | .18 F | 13.6 | -6.0 | 2.7 | 14.3 | .33 | 1.5 | 06-08-83 | 384.8 | 10.4 | 1.0 | 13.32 | 11.23 | 0282 |
| Ramada Inns | RAM | 9.38 | 7.63 | 8.75 | 1.13 | 14.75 | 9.38 | 4.25 | -.10 | 2.00 | 2.35 | 21.02 | -.73 | -.77 F | -925.0 | -29.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 548.3 | -19.8 | .6 | 18.98 | 6.03 | 1281 |
| Restaur Assc | RA | 10.25 | 8.00 | 10.25 | 1.75 | 20.59 | 10.25 | 3.25 | .24 | 1.32 | 7.86 | -41.30 | .77 | -.06 Q | -8.2 | 22.0 | 1.8 | 15.3 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 20.50 | 17.00 | 17.25 | -4.75 | -21.59 | 22.25 | 3.09 | -.21 | -1.51 | -3.22 | -29.15 | .33 | .36 Q | NC | 68.0 | 10.6 | 47.9 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 64.00 | 54.38 | 62.25 | 7.88 | 14.48 | 64.00 | 23.88 | .42 | 2.34 | 5.77 | 44.10 | 3.35 | .96 N | 29.8 | 41.0 | 1.9 | 14.9 | .72 | 1.2 | 05-16-83 | 901.0 | 16.8 | .9 | 8.51 | 17.72 | 0682 |
| Sandwich Chef | SHEF | 15.50 | 15.00 | 15.00 | -.50 | -3.23 | 15.50 | 11.50 | -.05 | -1.13 | -9.11 | -89.66 | .77 | .76 S | NC | 26.0 | 4.7 | 19.7 | .00 | .0 | 00-00-00 | 17.0 | .8 | .6 | .50 | 3.42 | 0682 |
| Sea Galley | SEAG | 8.63 | 8.38 | 8.63 | .00 | .00 | 10.63 | 5.50 | -.07 | .24 | -.72 | 2.36 | .02 | -.91 Q | -135.8 | -33.0 | .1 | NE | .00 | .0 | 06-02-81 | 70.1 | .1 | 1.8 | 2.38 | 4.99 | 1281 |
| Servico Inc | SRVI | 15.75 | 15.25 | 15.25 | .00 | .00 | 16.00 | 7.03 | .07 | -1.00 | 1.93 | -18.02 | 1.54 | -.82 N | -43.6 | 61.0 | 3.5 | 14.4 | .00 | .0 | 07-09-82 | 126.4 | 4.4 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 26.75 | 22.75 | 26.75 | 2.63 | 10.88 | 27.00 | 12.66 | -.45 | .70 | .99 | -8.55 | .86 | .08 F | 10.2 | 19.0 | 5.1 | 31.1 | .15 | .6 | 03-11-83 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Skippers | SKIP | 11.50 | 9.84 | 11.25 | 1.25 | 12.50 | 11.50 | 3.16 | .57 | 1.79 | -3.38 | 12.11 | .48 | .27 Q | 67.5 | 14.0 | 2.6 | 16.8 | .08 | .7 | 03-31-83 | 38.1 | 1.0 | 1.2 | 2.30 | 4.05 | 1281 |
| Sonesta Hotel | SNSTZ | 16.00 | 15.50 | 16.00 | .50 | 3.23 | 16.50 | 8.50 | -.37 | -.04 | -2.35 | 9.38 | .28 | -.11 F | -28.2 | 5.0 | .9 | 57.1 | .20 | 1.3 | 06-25-82 | 80.1 | .7 | 1.1 | 26.22 | 9.51 | 1282 |
| So Hospitality | SHOS | 5.38 | 4.88 | 5.38 | .13 | 2.38 | 6.25 | 1.38 | -1.18 | .93 | -2.08 | 51.82 | .14 | .21 N | NC | 25.0 | 2.5 | 25.6 | .00 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 7.00 | 5.63 | 6.25 | .63 | 11.11 | 7.00 | 2.50 | .44 | -1.86 | -1.14 | -46.52 | .18 | .12 F | 200.0 | -28.0 | 1.4 | 34.7 | .00 | .0 | 05-17-79 | 57.2 | .8 | 1.2 | 4.60 | 2.60 | 0981 |
| Victoria Stations | VSTA | 9.50 | 8.00 | 9.50 | 1.00 | 11.76 | 10.38 | 5.00 | -.17 | .07 | -2.92 | -16.95 | .35 | -1.05 N | -875.0 | -41.0 | 1.0 | NE | .00 | .0 | 09-19-79 | 123.4 | 1.2 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 19.38 | 17.13 | 19.25 | 1.25 | 6.94 | 19.38 | 9.59 | -.04 | .63 | -.85 | 3.49 | 1.13 | .16 Q | 15.8 | 13.0 | 7.3 | 16.5 | .24 | 1.2 | 04-29-83 | 607.6 | 44.1 | .6 | 2.56 | 5.27 | 1281 |
| Webb Del E | WBB | 15.75 | 14.38 | 15.63 | .63 | 4.17 | 15.88 | 5.88 | -.17 | .68 | 1.30 | 39.78 | .16 | -.40 F | -71.4 | -35.0 | .5 | 97.7 | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 17.50 | 15.25 | 17.50 | 2.75 | 18.64 | 17.50 | 8.00 | 1.47 | .62 | 5.93 | -.55 | 1.06 | 1.13 N | NC | 9.0 | 3.7 | 15.5 | .12 | .7 | 12-08-82 | 27.3 | 1.0 | 1.3 | 6.97 | 6.29 | 0282 |
| Winners Cp | WNER | 13.25 | 12.25 | 13.25 | .38 | 2.91 | 14.63 | 6.94 | -.30 | .34 | -3.11 | -.43 | .62 | .12 F | 24.0 | 7.0 | 2.6 | 21.4 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .3 | 10.03 | 5.32 | 1281 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# McDonald's profit up 13%

OAK BROOK, Ill.—McDonald's Corp. net profits rose 13% to $65.9 million on an 8% increase in systemwide sales to $1.8 billion in the first quarter ended March 31 compared with the year-earlier period.

Revenues from franchised restaurants rose 11% to $150 million and sales from company-owned restaurants increased 7% to $497 million in the quarter. Total revenues, which included foreign currency exchange gains and property sales, rose 8% to $663 million.

Margins at company-operated restaurants improved to 16.3% of sales from 14.7% of sales in 1982's first quarter, according to Fred Turner.

McDonald's opened 58 new restaurants in January, February and March and at the end of the quarter operated 7,317 units worldwide, compared to 6,798 units at the end of the same period a year ago.

The company has another 153 restaurants under construction and plans to open about 500 units by the end of the year, including about 165 in foreign countries. There are 1,363 McDonald's restaurants in 31 foreign countries and territories, compared with 1,207 a year ago.

International division sales rose 8% to $355 million in the quarter. Turner said weaker foreign currencies depressed sales, revenues and operating income in the international division; if exchange rate had remained at 1982 levels, division sales would have been $24 million higher, he added.

# Peoples Restaurants net profit increases 152% in third quarter

RICHARDSON, Tex.—Peoples Restaurants has reported a 152% increase in net profit to $560,000 for the third quarter ended March 27, compared to the same period last year. Chainwide revenue for the period was up 107% over last year to $10.6 million.

The increase was attributed to the opening of 19 additional restaurants during the first three quarters of the year; the chain now comprises 40 units.

Nine-month net profit was up 179% to $1.0 million on a 125% advance in chainwide sales to $25.8 million. Revenues from company-operated restaurants were up 630% in the third quarter to $8.5 million, and up 580% for the year to date to $18.1 million.

Five new restaurants were opened during the third quarter, with 12 more expected to open in the fourth quarter ending June 26. Board chairman Donald G. Thomson reported that sales in restaurants utilizing a new menu introduced last December continue to run in excess of 30% over sales from previous menus.

Thomson said the higher sales levels being experienced in new stores using the new menu had caused a shift in Peoples' strategy. The company will begin to emphasize the opening of company-operated units, which Thomson said would increase operating profit and decrease reliance on franchise fees.

**The Forecast**

People will continue franchise development at a lower level next year, and will halt such construction completely in 1985, Thomson said. From that point on, he said, the only new franchised units would be those built by franchisees themselves.

# Sea Galley net down for 1st qtr.

MOUNTLAKE TERRACE, Wash.—Sea Galley Stores has reported a net loss of $462,000 for the first quarter ended March 31, compared to a net profit of $140,000 in the same period last year. Net sales for the period were up 34% to $21.5 million.

First-quarter results included a $415,000 charge to earnings resulting from a retroactive change in accounting methods for preopening costs of new units. Prior to the accounting change, profit would have been $555,000.

"Same-store guest count comparisons with the prior year were flat for the quarter but up 2% in March," Dowen said. "Same-store sales are currently running nearly 10% from a year ago in the West and 21% ahead on the East Coast.

"With these sales volume increases we have now begun to regain margins, and restaurant operations were restored to profitability in March."

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Denny's | 3 mos. | 3/25 | | | $258.7 | 12.0 | $ 8.100 | 13.0 |
| | 9 mos. | | | | 781.8 | 11.0 | 29.200 | 11.0 |
| Int'l Kings Table | 3 mos. | 4/9 | $ 14.9 | 31.0 | | | 1.000 | 395.0 |
| | 9 mos. | | 34.4 | 28.0 | | | 1.500 | 537.0 |
| Peoples Restaurants | 3 mos. | 3/27 | 10.6 | 107.0 | | | 0.560 | 152.0 |
| | 9 mos. | | 25.8 | 125.0 | | | 1.000 | 179.0 |
| McDonald's | 3 mos. | 3/31 | 1,800.0 | 8.0 | 663.0 | 8.0 | 65.900 | 13.0 |
| Sea Galley | 3 mos. | 3/31 | 21.5 | 34.0 | | | (0.462) | — |
| Chart House | 3 mos. | 3/31 | | | 94.0 | 11.0 | 2.800 | 20.0 |
| Skipper's | 3 mos. | 3/20 | 10.5 | 47.0 | | | 0.439 | 4,380 |
| Winner's Corp. | 3 mos. | 3/31 | 17.8 | (5.0) | | | 0.471 | 81.0 |
| Piccadilly | 3 mos. | 3/31 | 36.0 | 69.0 | | | 0.644 | (66.0) |
| | 9 mos. | | 113.7 | 7.7 | | | 5.100 | (27.0) |
| Chi-Chi's | 3 mos. | 1/31 | | | 24.6 | 95.0 | 2.100 | 214.0 |
| | 9 mos. | | | | 68.8 | 109.0 | 6.500 | 109.0 |
| JB Restaurants | 3 mos. | 3/13 | 11.6 | 22.0 | | | 0.287 | 76.0 |
| | 6 mos. | | 22.8 | 20.0 | | | 0.673 | 38.0 |
| Max & Erma's | 10 mos. | 10/31 | 12.4 | 14.0 | | | 0.185 | — |
| Morrison Inc. | 3 mos. | 2/26 | | | 104.1 | 16.0 | 4.500 | 22.0 |
| | 9 mos. | | | | 311.0 | 18.0 | 13.100 | 21.0 |
| Marcus Corp. | 3 mos. | | 22.8 | 12.3 | | | 0.755 | 97.0 |
| | 9 mos. | | 76.1 | 5.1 | | | 4.700 | 8.3 |
| Esteban's Mex. Foods | 3 mos. | 12/25 | | | 2.0 | 63.0 | (0.213) | — |
| | 12 mos. | | | | 6.9 | 31.0 | (0.506) | — |
| Pizza Inn | 3 mos. | 3/27 | | | 35.0 | 2.3 | 0.948 | |
| Sandwich Chef | 3 mos. | 4/2 | 5.3 | 24.0 | | | 0.216 | |
| | 9 mos. | | 14.5 | 14.5 | | | 0.598 | |
| Naugles | 3 mos. | 4/7 | | | 20.1 | 67.0 | 0.263 | |
| | 9 mos. | | | | 63.6 | 63.0 | 1.900 | |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Chart House reports 20% climb in 1st qtr. earnings

LAFAYETTE, La.—Chart House Inc., a diversified restaurant company operating more than 500 establishments throughout the United States, reported net profit rose 20% to $2.8 million during the first quarter ended March 31 compared with the same period of the previous year.

Revenues increased 11% to $94 million for the period.

These results are a Chart House record, according to W. David Hanks, the company's vice president of finance and chief financial officer.

The company's president, William L. Hyde Jr., attributed the strong performance to an unusually mild winter in many of Chart House's market areas.

The company's financial posture remains solid, Hanks said, as a result of last year's sale of stock and an increase in internal cash flow. These funds, he added, were used to defray the remaining balance outstanding on the company's $50 million revolving line of credit.

Chart House operates three dinnerhouse concepts, Chart House and Cork 'N Cleaver steakhouses and Cisco's Cafe, a Mexican-style dinnerhouse, and franchises a cafeteria-style barbecue concept, Luther's Bar-B-Que. It is the largest single franchisee of the Burger King Corp., with more than 340 units, some sublicensed.

# International King's Table earnings skyrocket 395%

EUGENE, Ore.—International King's Table Inc. has reported a 395% increase in net income for the 16-week third quarter ended April 9, to $1 million vs. $203,000 last year. Sales were up 31% to $14.9 million from $11.3 million in 1982's third quarter.

Board chairman and president Roger Houmes said, "The increased profitability is primarily a function of increased customer traffic, as meal prices remained relatively constant during the quarter."

Customer counts in the quarter increased 26% to 4,045,000, compared to last year's third period. "Restaurant operating margins were up 67%," said Houmes, "highlighting the relative decline of fixed expenses as a significant element of total operating costs."

For the 40 weeks ended April 9 the company posted net income of $1,542,000, up 537% from the $242,000 reported during the same period last year. Sales through the third quarter totaled $34,404,000 vs. $26,866,000 a year ago.

A continuing reduction in the company's bank debt has helped boost profits, Houmes indicated. Interest expense dropped $165,000 in the third quarter, and a total of $398,000 for the year to date, he said.

With disposition of unprofitable units in the third quarter King's Table now operates 55 smorgasbord-style restaurants and one Oh Susannah's unit in seven western states. An agreement was made during the third quarter to purchase 27 restaurants from Royal Fork Buffet of Boise, Idaho, highlighting the company's turnaround efforts which have seen a rebound from $1 million-plus losses in both 1980 and 1981.

# Morrison posts 22% gain

MOBILE, Ala.—Morrison Inc., operator of 152 cafeterias, posted a 22% gain in net profits to $4. 5 million for the third quarter ended Feb. 26, compared to the same year-ago quarter.

Third quarter revenues rose 16% to $104.1 million, vs. the 1982 quarter.

Nine-month net increased 21% to $13.1 million on an 18% revenue gain to $311 million, compared to the prior-year period.

Officials said the advances were achieved "in spite of a continued customer count decline in our cafeteria division."

In addition to its cafeterias, Morrison operates a food-service management division and the Ruby Tuesday dinnerhouse-pub chain.

# Skipper's net rises $439,000

BELLEVUE, Wash.—Skipper's, operator and franchisor of 135 fast-food fish restaurants in nine western states, has reported net profit of $439,000 for the first quarter ended March 20 compared to $10,000 for the same period last year.

The profit gain came on a 40% increase in sales for the period to $10.5 million compared to $7.5 million for the same period last year.

Gene Stone, president and ceo, said chain expansion and a vigorous marketing program were major contributors to the company's improved performance. He also gave credit to a mild winter in Skipper's principal Northwest market, and the establishment of favorable sales and earnings trends during the last four quarters.

During the first quarter, the company opened a unit in Washington and its first unit in Hawaii.

## *Chi-Chi's earnings up 100% for third quarter*

LOUISVILLE, Ky.—Chi-Chi's, an 89-unit Mexican dinnerhouse chain, reported net profits of $2.1 million for the third quarter ended Jan. 31, more than double the $669,044 posted at the same time last year.

Revenues for the third quarter were $24.6 million, vs. $12.6 million in the year-ago period.

Nine-month net profits surged 109% to $6.5 million on revenues of $68.8 million, also a 109% increase over the prior-year period.

Nation's Restaurant News®
June 6, 1983/Section Two

150-5
5/22/83

# RESTAURANT INTERIORS

## DESIGN FOR THE 80's

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# RESTAURANT INTERIORS

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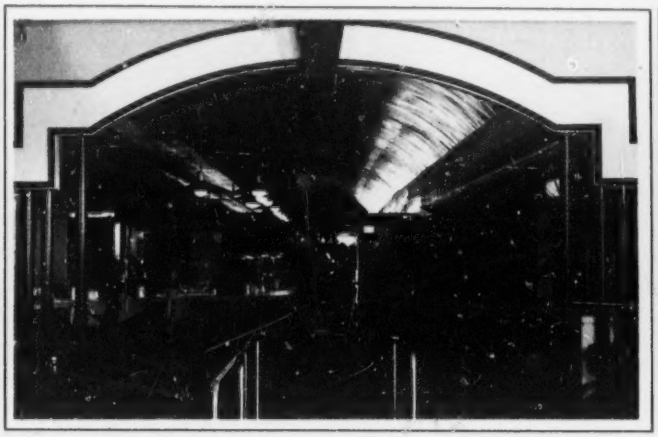


# Restaurant Design: Staying Ahead Of The Game

## Keys to successful design and remodeling

Whether you remodel or build from the ground up, a good restaurant design is a valuable, even necessary, tool for achieving your operational and marketing intentions.

That's the consensus among professional designers, restaurant consultants, and a number of restaurateurs who've spent time and money meticulously planning and executing their restaurants' interiors. Consider the following: after remodeling its restaurant and lobby, a Holiday Inn in Newark, N.J., saw its food and beverage sales increase by 30% and 60% respectively. Pizza Hut embarked on a remodeling program two years ago; last year, 75 units underwent the facelift, and sales there are said to be higher than the systemwide average. Denny's, the leader in the coffee shop segment, is doing likewise. And for each example mentioned, there are dozens of other success stories as well.

Just how much money is being spent on restaurant remodeling these days is unclear. Despite the economy, designers generally report seeing at least as much business coming their way as in the past. They attribute their good fortunes to intensified competition among restaurateurs, some of whom believe that remodeling can give them an edge over the competitor next door. Yet tough economic times have made designers' clients also more demanding. As one designer says: "They're watching their bucks more carefully now. They're willing to spend on design, but they want to know exactly what they'll be getting in return."

But by all accounts, the fact remains that most restaurants—particularly independents—eschew all the professional services available. Some, to be sure, are experts in their own right and can properly design their facilities without outside help. But for others, design is little more than "decoration" that can be accomplished by anyone who has a modicum of "good taste." Or in many cases, there's little money left to be spent on interior design after the basic structure is put up.

**What is good design?** In all cases, it means proper space utilization and the right choice of decor. It means using design elements that, in their totality, provide the restaurant with an identity and a competitive advantage in its market. Proper design can create a comfortable mood that adds to the customer's total dining experience. Its individual elements include well-spaced tables, appropriate lighting, or aisles which allow swift, unobtrusive service. It means a proper spacial relationship between the bar/waiting areas and dining room, and between dining room and kitchen.

Good design is responsive to the restaurant's market, providing an opportunity for add-on sales. Interior design can mean as little as the addition of a flexible menuboard that will increase impulse buying. Or, says Bill Babcock, of Babcock & Schmid Associates, an Ohio-based design management company, it can broaden one's customer base: "If you have a restaurant that feels good in the evening, it may just not be good for lunch," he says. This might be the case with windowless

restaurants, "so you have to change the feel of that place for it to be more conducive to lunch."

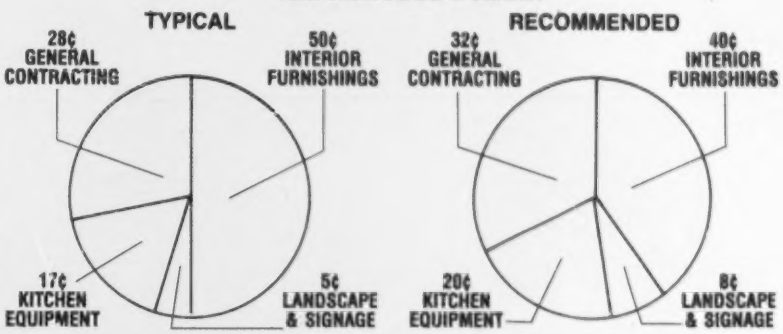
In the fast-food area where menus don't differ much from one chain to the next any more, design is one of the few elements that still allows an operator to manipulate positioning. "To achieve something that is perceived as being different, that can be done with design," says Babcock. "It's just a matter of creativity—how perceptive you are in developing something that feels right to your customers and that differentiates you from the other operator."

**To remodel or not?** Many experts speak of a restaurant's "lifecycle," the span of time during which the properly maintained restaurant retains its fresh look. A rule of thumb holds that the lifecycle for a typical fast-food or full-service design is five years, after which time some remodeling might be needed.

But a remodeling decision must be based on other, perhaps more important decisions, than mere wear and tear on material. One reason could be to maintain one's existing customer base by providing a more exciting decor package that appeals to today's demanding, more sophisticated consumers. On the other hand, change might be dictated if the customer base is already eroding, or if a rival concept promises to attract an even broader, or more upscale customer base.

But whether operators are planning an extensive remodeling job or merely a cursory facelift, they must first consider in advance all aspects of such projects, including the time, expense and return on investment,

*THE REMODEL DOLLAR*




*Source: Raygal Design Associates*

according to Ygal Sonenshine, president and owner of Raygal Design Associates of California.

Large and small remodeling projects must include market research, financing considerations, merchandising, advertising, and architectural, interior and kitchen designs. A facelift, the easiest and least expensive approach, can involve painting, reupholstering, changing light fixtures, making minimal menu changes, or adding new uniforms, napery and tableware. Landscape improvements, new seating arrangements, or highlighting particular areas of the dining room are other possibilities.

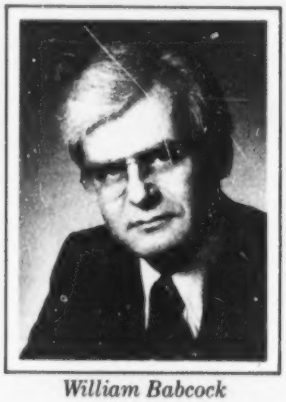
A refurbishing project could include a minor theme change, or the introduction of a new element such as a lounge or patio dining. A total remodeling job, on the other hand, can include revising the floor plan, redesigning the overall architecture, expanding the kitchen or even changing the exterior.

However ambitious the project, it needs thoughtful preparation.

At a recent National Restaurant Association seminar on restaurant design and facilities planning, Jack McCabe and Ted Thelander, both longtime designers and planning consultants, gave this advice: When contemplating a change, stop and think, "Why am I doing this?" Is it to increase profits? Is it because the competitor next door has a better looking operation and pulls in more customers? Or is it because of institutional accountability, in which case change might be contemplated simply to convey some sort of progress, however ill-defined?

Next, they advise, study your customers' characteristics. What kind of jobs do they hold? What restaurant concepts do they visit most frequently? What type of food do they prefer, what ambience do they feel comfortable in?

Says McCabe: "I've seen restaurants in design magazines that



*William Babcock*

*Roslyn Smith*

*Restaurateurs are watching their money more carefully now, and although they're willing to spend money on design, they want to know exactly what they'll be getting in return.*

three months before or after [the publication's appearance] were closed down. They were gorgeous, but total failures because they missed their marketing objectives."

**Planning for change.** Restaurateurs planning a new concept or remodel should also consider the food and beverage products they intend to serve, deciding on appropriate service systems and the kitchen equipment. A well-planned space will minimize labor requirements. According to various studies, between 25% and 50% of a food-service worker's time is spent "fetching."

Moreover, operators should take care to build some flexibility into their design—particularly in the kitchen. Says Sonenshine: "The design should have built-in flexibility to save some of the basic costs associated with a remodel, such as flexibility in the cooking line: a good design should allow you to go from one type of menu to another without having to rip out the utilities, plumbing and sewer lines."

Even basic front-of-the-house decor elements should be versatile enough to minimize future remodeling costs, Sonenshine advises. "In terms of furniture, for example, you may want to build some simplicity and some wide range of looks and uses that are timeless, both from a practical and esthetic point of view."

On the other hand, the decor elements should fit the basic concept and fulfill marketing objectives. There's the oft-repeated story about a fast-food operator who installed comfortable, upholstered seating, only to find that customers lingered far too long over their low check-average meal to allow the necessary turnover. In some cases, however, quality decor can turn off customers rather than draw them into the restaurant. "Sometimes the trap is that you do too good a job," says Sonenshine. "We just designed a restaurant, doing what I thought was an excellent job, only to have marketing studies show that customers perceived they were paying more in that restaurant, both for food and drinks, than they did in a restaurant next door. Even though our prices were the same or possibly lower. But because the other restaurant had a decor package that, in my opinion, was not very good, and because the decor environment in our restaurant was so much nicer, they thought they were spending more money in our place."

**Cost factors.** How much money should be spent on a new design or remodel? No one seems to have a clear answer, but examples abound of restaurants whose sales never justified the initial investment.

"I've seen restaurants that were overbuilt, that made no sense at all in relationship to their targeted market, that were overequipped or overdecorated. The investment was immense and did not show any return or actually showed a loss," says Sonenshine.

According to designer Roslyn Smith, who heads her own consulting firm, California-based Roslyn Smith & Associates, "space planning is where most restaurants fall short when it comes to investing dollars wisely". For example, most space planners advise that the kitchen not take up more than one-third of a facility's total square footage. "If we deal with a menu that requires a kitchen that takes up anywhere near 50% of the total space, we would tell the client to rethink the concept," says Sonenshine. To be sure, the typical restaurant customer does not want to feel cramped, but an intelligent seating plan will afford the most sensible space utilization. According to McCabe and Thelander, the average space requirement for one seat in a "typical" full-service restaurant is 15-18 sq. ft., and 10-12 sq. ft. in a banquet set-up; 20-22 sq. ft. for lounges; 10-12 sq. ft. for fast-food restaurants, and 14-16 sq. ft. for cafeterias. Of course, the size of the public space should reflect reasonable traffic count projections based on careful market research.

How much should one spend on the actual remodel to achieve a reasonable return on investment? Sonenshine suggests a simple formula he says has worked well for many of his clients, once it was deemed that a remodel could increase business: Determine your minimum monthly volume requirements to cover fixed overhead (excluding food and labor). The cost of construction or tenant improvement should not exceed five times the monthly minimum requirement; fixtures and equipment should be no more than two and a half month's minimum

*Jane Banik*

*Ygal Sonenshine*

*Restaurant operators planning a new concept or remodel should consider the food and beverage products they intend to serve, then decide on appropriate service systems and kitchen equipment.*

volume.

He also recommends the following cost breakdown for a remodel: 40¢ of the remodeling dollar on interior furnishings, 8¢ on landscaping and signage, 20¢ on kitchen equipment, and 32¢ on general contracting.

According to Jane Banik, president of the design firm Banik-Cumby Inc. of Pennsylvania, the typical remodel today comes to between $6 and $20 per square foot. For ground-up construction, including

## *Today's Interior Decors: An Emphasis On Basics*

If Victorian, Art Deco or High Tech were some of the clearly distinguishable styles that dominated restaurant design of the past decade, today's design approaches are harder to pigeonhole.

Designers prefer to speak in such terms as "clean," "uncluttered," "comfortable" and "eclectic," rather than assign their work any particular style or category. But one thing's for sure: the heavy "themers"—the caves, dungeons and airplane hangars—are quickly becoming a thing of the past.

"We're seeing a much more sophisticated design today, much cleaner lines, more pastel colors. In general, it's a much lighter, brighter, clear and open space. The human being is becoming much more important in the design itself," says Roslyn Smith of California-based Roslyn Smith & Associates.

Another designer, Bill Babcock of Babcock & Schmid Associates of Ohio, views today's restaurant design trends as being in a "transitional period.

"For example, the theme restaurants, you could say that was a trend. Now the trends are not obvious. But I think we're now moving toward a European sort of general perspective in that the decor is being played down somewhat. There's more of an intent to focus on the food and food presentation and the people you're with, and creating an environment that's secondary to the main reason that you're in the restaurant. You're not having design dominate and intrude on your perception quite to the extent that it used to." The reason for this, Babcock believes, is "a realization that an airplane hanging from the ceiling is not the value that somebody thought it was when they first saw it." It's also right in line with the economic situation that has altered consumers' value perceptions.

Ygal Sonenshine, of Raygal Design Associates, agrees: "More people are going back to the basics, to the food products, good food presentation, the comfortable environment that need not necessarily be an award winning or an incredible place." He adds: "What's important is that it be a pleasant, interesting place." Nor, from a marketing point of view, need it signal what kind of food is being served: "Even a Mexican restaurant does not have to look like the Alamo, not even like a hacienda."

Today's designs also emphasize lighting, table tops and choice of fabrics.

Light, restaurateurs are discovering, can set the desired mood of a restaurant, while adjustable lighting can help make even a windowless room adaptable to all three main meal periods. The trend in table top design is toward strong colors, or colors that harmonize with a room's general palette. Reflecting the current emphasis on food presentation, operators now display more care in their choice of table and silverware. And natural fabrics and materials, according to designer Jane Banik of Banik-Cumby, in many cases are replacing the plastic laminates of old.

If there's no single identifiable design style that is sweeping the country today, but rather a mixture of styles, it's because "you're dealing with a limited universe, unless you become very futuristic or modernistic," maintains Sonenshine. "But you're always trying to create a better trap, one that was not created before. So you go back to proven styles and makes variations on them."

equipment, an average of $85-$90 a square foot should be budgeted.

In all cases, however, it's paramount that the operator establish tight budgetary guidelines within which the designer/architect must work. McCabe and Thelander even recommend the professional planners be required to "fiscally sign off" each completed element in the design process, such as the proposal, schematic design drawings, as well as specific construction or remodeling stages. At the same time, they should provide their client with cost projections for the next step in the design process. "*Always* suggest strongly what specific equipment you want. *Always* guard against any possible deal behind your back—always ask yourself, who's gaining from the installation of any one item."

Designers are notorious for cost overruns (see side bar). But, says Roslyn Smith, "You can absolutely stay within a budget, but it should be realistic, not too low or too high."

**Beyond design.** If a good design can enhance business, design for design's sake will not always guarantee a return on investment. A striking interior design, experts say, can add to the total dining experience, but will never substitute for the basics of food service: the quality of the product served and the manner in which it is served. Babcock says he might look at design from the marketing and operational objectives of the operator, but "you've got to get that sense of personal involvement and commitment and of love . . . whether it's fast food or a street vendor's cart or an elegant dinnerhouse." Echoes Sonenshine: "Initially you might be appealing because it's sparkling and new and fancy, but eventually, if the food is no good, you won't get the customers back."

## *Restaurateurs & Designers: A Need To Communicate*

Rare is the successful restaurateur who'd deny the possible benefits of a well-planned and executed interior design. But if a recent query of restaurateurs is any indication, designers as a group don't seem to get no respect, to borrow a phrase from Rodney Dangerfield.

Designers, some of their clients lament, are hard to get along with. They produce too many surprises, often unpleasant ones such as budget overruns. They do what they want, not what their clients have in mind. And when it comes to technical know-how, the majority are viewed as dummies.

For their part, restaurant owners don't really understand the nitty-gritty of design work, often refuse such services as working drawings and traffic flow development, and then are surprised with the end results.

These are some of the sentiments and conclusions that emerged in a recent survey by Banik-Cumby Inc., a Pennsylvania-based interior planning and design firm whose goal was to find out how restaurateurs conduct business with designers. Holds Banik-Cumby president Jane Banik: Restaurateurs and designers must work together toward bridging a "communications gap" that apparently lies at the heart of many problems between the two groups.

For one thing, says Banik, restaurant owners don't always know what interior designers do, where they should go to find out about designers, or what potential benefits can accrue from a professional design job. While young restaurant owners seem more likely to seek out an interior designer or architect—and successful restaurateurs agree that design can affect profits, at least for the first six months after a remodel—many others feel interior designers are a luxury they can do without. Even the selection of an interior designer can be haphazard, and is often determined by locally available services. And if two designers submit a proposal for the same project, usually the one coming in with the lower fee is hired.

Banik, whose survey was conducted among owners and managers of 36 varied food-service operations across the country, in part blames "nonprofessional designers" for giving the profession a poor reputation. That might be a somewhat self-serving assessment, but Banik also holds that it's "absolutely essential for the interior designer to get to know" the client and to meet his specific needs. Noting that many of the restaurateurs surveyed reported a "real discrepancy between the owner's dreams and the designer's finished product," she admonishes: "Design for design's sake does not necessarily make for success, especially if you have not solved the client's problem."

What designers and architects should do, she suggests, is to be "good listeners," willing "to act in a supporting role to the owner," and then ultimately creating spaces and designs which meet functional needs and marketing and operational goals.

"Much of the dissatisfaction of the restaurant owner with the interior designer appears to be a communications problem," Banik concludes. "The restaurant owner doesn't know what he wants; the designer often doesn't take the time to find out, or is not able to establish a rapport with the client." This communication, she adds, is a "shared responsibility."

***Restaurant owners' complaints about interior designers***

| | |
|---|---|
| Produce too many surprises, including unexpected cost overruns | 90% |
| Hard to get along with | 70% |
| Do what they want, not what the owner wants | 68% |
| Lack knowledge about ventilation, heating, sound and operation of restaurants | 64% |

*Source: Banik-Cumby Inc. survey*

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**Private Clubs Going Corporate—Page 33**
**Restaurant Interiors Supplement—Inside**

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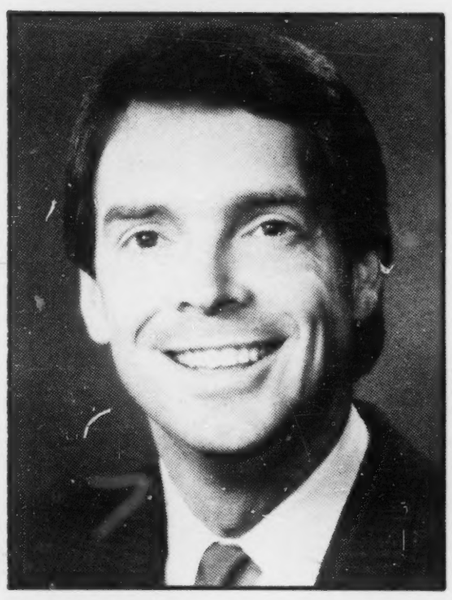
# Smith jumps to Chart House presidency; Collins to head PepsiCo food service



**Donald N. Smith (left) succeeds William Hyde (center) as Chart House president and ceo with Hyde moving to vice chairman. Meanwhile, Terrance Collins (right) will take over Smith's vacated post as PepsiCo senior vp and head of its food-service division.**

**By Charles Bernstein**

LAFAYETTE, La.—Donald N. Smith has done it again.

In what has become a triannual move to a more challenging opportunity, he is now the new president and ceo of Chart House Inc. at age 43. He succeeds William Hyde, 35, who after only one year in the post becomes Chart House vice chairman. It is presumed that Hyde, in effect, will report to Smith, which could create an awkward situation.

William Trotter remains Chart House board chairman while Braxton Moody is retiring as vice chairman.

Meanwhile, Terrance Collins, 41—like Smith a former McDonald's regional whiz—succeeds Smith in Purchase, N.Y., as a PepsiCo senior vice president and head of its food-service division (Pizza Hut and Taco Bell).

Collins was president of General Foods' Burger Chef chain from 1977 to early 1981 and then chairman and president of the beleaguered Victoria Station chain in 1981-82. He joined PepsiCo last fall.

Smith has jumped every three years ever since a meteoric 10-year McDonald's career in which he rose to chief operations officer. He became Pillsbury's Burger King president and ceo in early 1977 and combined the best of McD with new specialty sandwiches to pump life into BK for awhile.

He became head of PepsiCo's new food-service division in the spring of 1980 after being extensively wooed by PepsiCo chairman and ceo Donald Kendall. Pizza Hut founder Frank Carney promptly resigned.

Pizza Hut has soared in profitability and sales over the past three years, a feat for which some analysts give Smith full or partial credit. Others say Carney had already put the pieces in place for a turnaround and that Pizza Hut president and ceo Arthur Gunther has carried through a good deal of the turnaround (a fact Smith himself

(Continued on page 72)

Major franchise agreement pending

## Godfather's pact offers Sambo's a lifeline

**By Richard Martin**

OMAHA—Godfather's Pizza may have made Sambo's an offer the beleaguered company just could not refuse.

Sambo's Restaurants Inc. would become a major franchisee of the 794-unit pizza chain under a multistage agreement struck between the two companies, calling for conversion of 112 Sambo's units to the Godfather's concept by the middle of next year.

Godfather's chairman and president William M. Theisen disclosed the agreement, which initially would involve rapid conversion of at least 60 Season's restaurants in California, Arizona and Florida. Theisen's company would advance Sambo's up to $15 million on a secured revolving basis through November 1985 to finance pizza unit development. Repayment would be required by 1989.

Calling the deal "highly beneficial" to both companies, Theisen said Season's buildings and locations are ideal for the Godfather's format.

In the wake of Sambo's recent move to divest itself of at least 250 Season's units, the pact with Godfather's signals a further retreat from the unfruitful chainwide facelift. And Godfather's offer for new conversion funding signifies the second time in a year that chairman and ceo Robert Luckey's team at Sambo's would be spending close to $15 million to transform its restaurants, albeit fewer units than last time around.

If the proposal is cleared through Sambo's bankruptcy court proceedings, Godfather's would be obtaining more than a sudden burst of bicoastal growth. Sambo's 112-unit metamorphosis would be nearly filling the numerical gap in Godfather's franchising community which will develop when the parent company finalizes acquisition of Pizza Ventures, currently its largest franchisee with 118 units.

The agreement specifies that upon successful completion of the 60-unit first-stage conversion, Sambo's would retain exclusive franchise development rights for Godfather's Pizza in Los Angeles and certain other California markets, and the Tampa/St. Petersburg, Fla., area. Beyond the mid-1984 target of 112 Sambo's conversions, the agreement envisions the development by Sambo's of at least 25 additional Godfather's units annually, beginning in 1985.

(Continued on page 46)

## Operators pull the plug on energy waste

**By Joe Edwards**

Food-service energy conservation programs put together in the years following the energy crisis of the 1970's have drastically reduced consumption and harnessed runaway utility bills, according to independent and chain operators.

Heightened energy awareness has also led to dramatic changes in the size and design of food-service establishments, the types of equipment operators are buying, the site selection process, and employee training programs.

Reduced consumption does not always mean lower utility bills; however, the prices of oil, gas and electricity have been rising too rapidly for that. But in the last two years, there has not been a significant increase in the per cent of total sales paid out for utilities industrywide.

That's the good news. On the negative side, the phased decontrol of natural gas threatens to send utility bills skyrocketing again. The U.S. Department of Agriculture warns operators to expect 15% to 25% increases in natural gas prices this year, following 20% increases in 1982.

Oil supplies and prices are much more stable than they were in the late 1970's, but future availability of this key fuel remains questionable. Another worry for operators: the Federal Government forecasts that by 1990, 7.5% of restaurant sales will go for utilities.

The warning about natural gas price hikes would be even more ominous were it not for steps already taken by many operators to reduce energy consumption. Restaurateurs have been taking advantage of improved technology and a smorgasbord of energy-efficient equipment to reduce bottom line pressures brought about by escalating utility bills.

Among independent and chain operators reporting success with a variety of energy-saving programs and equipment: The Nut Tree in Vacaville, Calif., Roy Rogers; Marriott-owned Big Boy coffee shops; Druther's; Solomon Grundy's in Berkeley, Calif.; Lyons Restaurants; Straw Hat Pizza; McDonald's, and Stuart Anderson's Black Angus steakhouses. There are many others.

(Continued on page 52)

## Industry hoping House will soften immigration bill

WASHINGTON—Food service was dealt a blow when the Senate overwhelmingly approved controversial immigration reform legislation, but Congressional leaders told *Nation's Restaurant News* that "some relief" for employers may still be worked out in coming months.

Among other things the Senate bill imposes civil and criminal penalties up to $1,000 and six months in prison for employers who knowingly hire illegal aliens.

The bill also requires employers to complete and store a Federal form stating they have verified the eligibility of each job applicant.

The National Restaurant Association, the chamber of commerce and Hispanic groups have been fighting this legislation since it was introduced last year by Senate Immigration Subcommittee Chairman Alan Simpson (R-Wyo.) and House Immigration Subcommittee Chairman Romano Mazzoli (D-Ky.).

Last year the Simpson Mazzoli bill almost passed the Congress but died on the House side.

While the Senate proposal is nearly identical to last year's legislation, the pending House version is slightly different and has one important amendment for restaurants and other employers.

(Continued on page 72)

## LATE NEWSBREAKS

**A bankruptcy court has approved the proposed conversion of 112 Sambo's units to Godfather's Pizza restaurants. The first conversions are slated to begin in Los Angeles within a few weeks. (Earlier story, this page.)**

**NRA's board of directors voted in Chicago to seek amendments to, rather than repeal, controversial new tip reporting laws. The board wants to replace allocation rules on total reported tips of less than 8% of sales with other, "more reasonable" reporting requirements; not count employees receiving tips of under 5% of sales, and to obtain complete clarification of the stipulations on "firms" or "individual restaurants" with over 10 "tipped" employees coming under the tip reporting regulations. (Full details, next issue.)**

**Walter Conti of Doylestown, Pa., former NRA chairman and currently board president of Penn State University, was named IFMA's Golden Plate Food Service Operator of the Year. (Full details, next issue.)**

COMMODITIES

# Calif. fruit prices rise on poor crop estimates

**NRN Special Report**

Prices of most California canned fruits have been hiked by canners as a result of reduced crop estimates. Late season rain knocked blossoms off trees and otherwise damaged crops of cling and free peaches, apricots, pears, fruit cocktail, fruit salad and fruit mix. Most rises were in the order of 75¢ per case—with more expected in the next three months if demand does not slacken.

A combination of small carryover, heavier demand than usual and poor 1983 crop forecasts prompted the rises. In the case of pears, 6/10s have not increased, for the carryover of this size is adequate; retail sizes are in short supply. However, as the new crop comes in, expect a jump in 6/10 prices. At present, Northwest pears are a better bargain for operators than California's product. The Northwest pack is selling at $1-$2 lower than California pears.

For operators whose distributors did not lay in a supply of apricots, the price rise is moot, anyway. The supply of 6/10s has—for all intents and purposes—run out, and there is no product being quoted for food service.

California's crop of sweet cherries is down 8% over last year, based upon U.S.D.A. forecasts. However, since most of the California crop goes into the fresh market, sweet cherry prices should not be affected too greatly, even though the 1983 crop will be nearly 70% less than the bumper 1981 yield.

Most other canned fruits around the country were holding at list or slightly below, including both light and dark sweet cherries, RTP cherries, and blueberries, even though Michigan's pack was tight as the result of a poor 1982 crop. Both applesauce and canned sliced apples are trading below list at the packers' docks, and Northeast apple prospects are good for 1983.

There are mixed outlooks about the 1983 California strawberry pack. Freezers are more than 50% below budget because of the late harvest due to unseasonal storms. Some think the frozen pack will be down from last year, while others are forecasting a similar output. Northwest prospects look good at this time. Mexican packers had expected to freeze a bumper crop, but reports on actual production are spotty.

Michigan and New York, both major red cherry freezing areas, report that unseasonal late spring cold snaps have not significantly affected crops.

Orange juice concentrate is expected to be in good supply through the 1983-84 year. The Florida trees have benefited from the heavy rains and crop predictions for the later harvested Valencia variety are good. The U.S.D.A. has lowered the actual number of cases expected, but at the same time increased its forecast of the juice yield per case. As a result, expect that this year's crop will be one of the best over the past several years. Even without the ever present Brazilian import capacity, the

*(Continued on page 72)*

## PRICE MOVEMENT AT A GLANCE

| | May 13, 1982 | April 13, 1983 | May 13, 1983 |
|---|---|---|---|
| Beans, lima, large dried, Calif. (cwt.) | $34.00-34.50 | $31.00 | $32.50-33.00 |
| Beef, Choice, 700-900 lb. Midwest (lb.) | $ 1.17 | $ 1.09 | $ 1.05 |
| Broilers, icepack, Grade A, NYC (lb.) | $ 0.4840 | $ 0.4343 | $ 0.4910 |
| Eggs, Grade A large, Chicago (doz.) | $ 0.5975 | $ 0.645-0.65 | $ 0.705-0.71 |
| Fruit Cocktail, Choice, HS, Calif. (6/10) | $14.00 | $15.00 | $15.75 |
| Lettuce, iceberg, Calif. (24s) | $ 3.50-4.00 | $ 5.50-6.00 | $ 9.00-10.00 |
| Peaches, cling, Choice halves, HS, Calif, (6/10) | $12.50 | $13.50 | $14.25 |
| Pork Loins, Choice, 14-17 lb. Midwest (lb.) | $ 1.16 | $ 1.00 | $ 0.97 |
| Potatoes, froz. french fries, Idaho Extra Long Fancy (lb.) | $ 0.32-0.33 | $ 0.30 | $ 0.31 |
| Spinach, leaf, frozen, Grade A, Calif. (lb.) | $ 0.30-0.32 | $ 0.32 | $ 0.33-0.35 |

Source: *NRN* Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# Peak waiting line challenges: Operators walking a tightrope

**By Joe Edwards**

Nearly every city has at least one—those very popular restaurants where, by circumstance or design, part of the customer's dining-out experience is waiting on a long line for a table.

Crowds of people queuing up outside a restaurant can be a valuable marketing tool, but operators caution that there is a thin line between making long waits part of a restaurant's mystique and turning a customer's visit into a distasteful experience.

"People want to be in a crowded restaurant," says John Dankos, former president of the National Restaurant Association and owner of several Virginia restaurants and hotels. "But they have to be taken care of. If you have quality food and the right prices, then people don't mind waiting."

There is, however, a right way and a wrong way to keep customers waiting, according to Dankos and other operators.

Done correctly, stacking customers in the lounge or outside the front door adds to a restaurant's aura. Those long lines advertise to passersby that something exciting is happening inside. A long wait is also reassuring to those on line; it tells them they've made the right choice.

*'People want to be in a crowded restaurant. But they have to be taken care of. If you have quality food and the right prices, then people don't mind waiting.'*

Done incorrectly, interminable waits without explanation or apology from the owners, the hosts or the maitre d'hotel can backfire and quickly tarnish a restaurant's reputation.

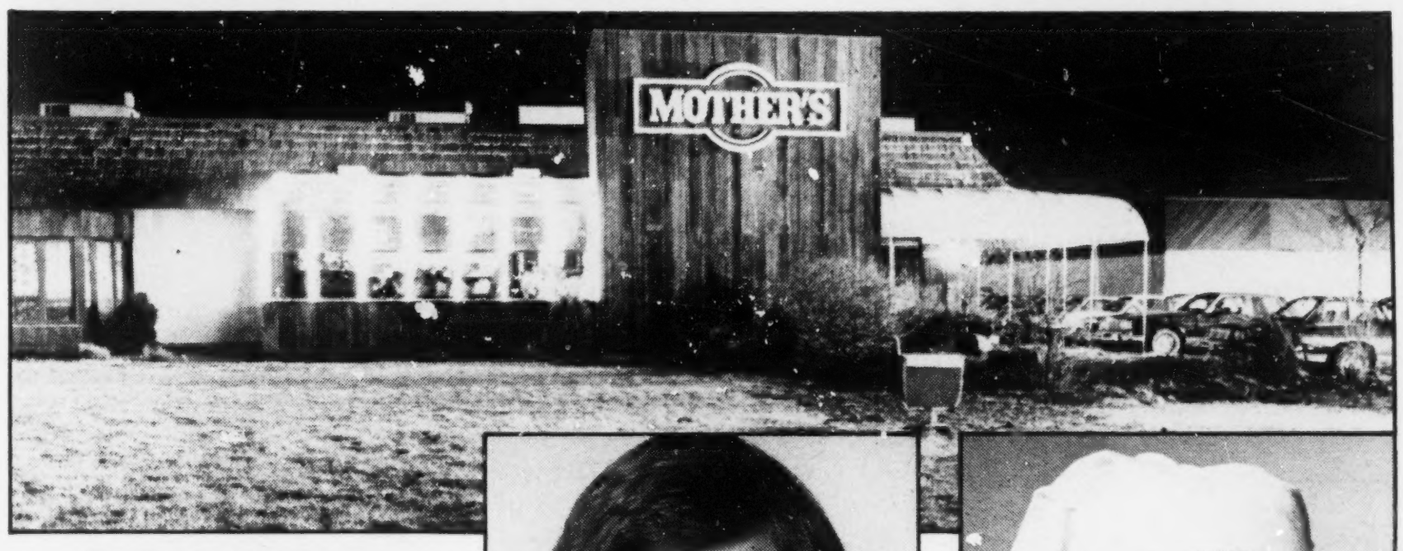
At Stanley Stegmeyer's Hodgepodge Restaurant in Richmond, Va., the host "is constantly talking to waiting customers," owner Dankos says. "You have to be honest with them and keep them posted. Don't tell them it's an hour wait if it's an hour and a half."

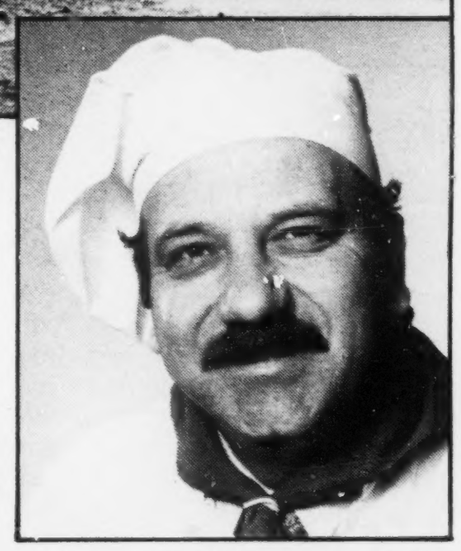
Customers deserve the right to be updated, Dankos adds: "Tell them the truth. Start a conversation. In so many places, you don't know where

*(Continued on page 71)*

Unveils prototypes in Ohio

# Mother's invades U.S. markets





**Gary J. Lokar (left), president, and Rismo Gualtieri, executive chef and partner; (top) exterior of Mother's prototype in Ohio.**

**By Rurick Telberg**

COLUMBUS, Ohio—A United States franchisee of a Canadian pizza parlor chain is experimenting with an upscale liquor and pasta format.

Gary J. Lokar, president of Mother's Restaurants of Ohio Inc., has developed two prototype restaurants almost unrecognizable from the 60-unit Mother's Restaurants Inc. chain based near Toronto in Burlington, Ontario.

His testing began with two units here. The old Mother's had a warm, cozy boarding-house atmosphere and limited menu. The new Mother's has a bar, lounge, dance floor, an art-and-antiques motif and a wide ranging menu of Italian dishes featuring pasta as well as pizza.

With one of the two revamped units open, Lokar said sales volumes were running $30,000 to $40,000 per week, a far cry from the typical half-million a year that the standard fast-food pizza place brings in.

About 35% of the sales are coming from beer, wine and liquor with food-only per person checks ringing up at $5 each, he said.

Tom McMahon, a spokesman for the parent company, said Lokar was given the go-ahead to test the new sit-down format after Mother's realized its pizza-parlor ambience wasn't cutting it in the United States.

"We're trying to redefine the market," McMahon said, "I wouldn't say the typical Mother's is stale, but we're trying to bring it up-to-date."

Lokar has high hopes for the format. "You get a successful concept here," he said, and it's going to be successful throughout the Midwest. People in Columbus have been exposed to a lot, and they have very high expectations."

Lokar's Mother's format fits in with other casual themers that attract a family crowd for dinner and a singles crowd later at night. In that, he is competing with such other chains in the area as Spats, Houlihan's, T.G.I. Friday's and Max and Erma's for the singles, plus Chi-Chi's and El Torito for family business.

Lokar sees potential for pasta that Mexican dinnerhouses have mined for tacos. "We see a tremendous niche there," he said.

Fettucine, lasagne, linguine and spaghetti, all priced in the $4 to $5 range, account for 30% of food sales, Lokar said. Pizza takes another big slice of volume, racking up all Mother's take-out sales, which is 15% of food revenue.

At the bar, wine is 12% to 15% of sales, which surprises Lokar. "That's high for this

*(Continued on page 71)*

# New Rustler owners itching for a comeback

**By Joe Edwards**

ROCKVILLE, Md.—Rustler budget steakhouses, having endured a four-year tailspin and a year-long threat of extinction, are alive, reasonably well and itching for a comeback, according to the chain's new owners.

Tenly Enterprises Inc., a private company formed last November by seven investors, purchased Rustler in May from Marriott Corp. for an undisclosed sum. Marriott had operated Rustler for a year after picking it up as part of the Gino's acquisition.

Tenly bought 95 restaurants and quickly sold off 19 sites in the Midwest and Far West. It now owns 74 Rustlers and two experimental dinnerhouses on the East Coast. (Marriott sold another 17 Rustler units to Sizzler which is converting the sites to its own concept.)

"Our objective," says Jim Sullivan, a former Marriott executive who is Rustler's new chairman, chief executive and president, "is to operate Rustler units in our core market and establish a strong regional chain."

Rustler budget steakhouses are situated in New York, New Jersey, Pennsylvania, Maryland, northern Virginia and Washington, D.C. Tenly's two other restaurants that were being tested by Gino's and then Marriott are Curly's Garage, "an eating, drinking and meeting place" in Charlottesville, Va., and Chubb's Pier, a cafeteria-style seafood house in Bristol, Conn.

Sullivan, the only Tenly investor who will take an active role in Rustler management, says the first priority is to reestablish Rustler's price-value perception among consumers.

Rustler will conduct about 30 promotions—mostly newspaper couponing drives—this year and advertise on TV in Philadelphia, where there is a heavy concentration of units.

Sullivan is also assembling a corporate headquarters staff here, drawing mostly from former executives of Marriott, Gino's and Rustler.

"We're gearing up our support services for many more stores than we have now," Sullivan says, adding quickly, however, that expansion is two or three years away.

"Our primary goal is to run Rustler and not be distracted by other things," he says. With that in mind, Tenly has no plans at this time to franchise, go public, fiddle around with conversions to new concepts, or look beyond the Middle Atlantic

*(Continued on page 71)*

FINANCIAL NEWS

# Wendy's 1st-qtr. net jumps 25%

DUBLIN, Ohio—Wendy's International Inc. reported a 25% net profit increase to $10 million on an 11.6% rise in revenues to $153.5 million for the first quarter ended March 31 compared with results of the 1982 first quarter.

Systemwide sales rose 11.3% to $406 million in the quarter. Average unit sales were up 2.5% to $166,000 from $162,000 in the first three months of 1982.

At the end of the quarter there were 2,468 restaurants in the Wendy's system, compared with 2,271 at the end of 1982's first quarter.

Robert L. Barney, chairman and chief executive, noted the "solid performance" in what is traditionally Wendy's toughest quarter was the result of operating efficiencies.

Wendy's, he added, reduced the amount of couponing and added a new menu item, a bacon cheeseburger, in the quarter. He noted the rollout of bacon gives Wendy's "the flexibility to create many new products."

At the end of March, Wendy's was operating 26 Sisters Chicken & Biscuits restaurants through its subsidiary. Average sales at Sisters units in Columbus, Ohio, near Wendy's corporate headquarters, rose 20% to $850,000 in the quarter compared with average unit sales a year ago.

There are eight new Sisters units under construction and 35 franchise contracts have been finalized representing a commitment to build close to 400 restaurants over the next few years. James W. Near, Sisters president, said the company is aiming at having between 150 and 250 Sisters units operating by the end of 1985.

## Sandwich Chef posts 19% 3rd-quarter gain

BIRMINGHAM, Ala.—Sandwich Chef Inc., operator of 180 deli sandwich shops, reported net profits rose 19% to $215,549 for the third quarter ended April 2, compared to last year's quarter.

Sales in the third quarter rose 24% to $5.3 million, from the 1982 level.

For the nine months, Sandwich Chef posted net profits of $598,283, a 13% gain, on sales of $14.5 million, a 19% increase over the year-ago period.

Thirteen new stores were opened and one closed during the quarter.

Despite the advances, the company said, slow economic recovery in Houston and Denver is hindering sales growth.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended May 20 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per. Share) | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 6.88 | 6.13 | 6.13 | -1.00 | -14.04 | 7.88 | 3.75 | .49 | -.63 | -.92 | 6.05 | .05 | -.09 Q | -42.8 | -29.0 | .3 | 51.0 | .00 | .0 | 01-06-81 | 37.1 | .1 | 2.4 | 5.69 | 2.90 | 1081 |
| Am Motor Inns | INN | 36.63 | 33.75 | 35.50 | -.75 | -2.07 | 36.63 | 15.88 | .54 | 1.27 | -4.75 | -18.46 | 2.10 | .45 S | 24.8 | 28.0 | 7.0 | 15.7 | .25 | .7 | 01-26-83 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 53.50 | 50.00 | 52.00 | 1.50 | 2.97 | 53.50 | 25.25 | .30 | .56 | -.08 | -38.77 | 3.43 | -.30 S | -7.8 | -7.0 | 1.4 | 14.7 | 2.05 | 3.9 | 05-26-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 24.75 | 21.50 | 24.75 | .50 | 2.06 | 25.00 | 5.00 | -.10 | 1.02 | -1.40 | -25.91 | .58 | -.12 S | -16.6 | -15.0 | 2.2 | 41.3 | .18 | .7 | 05-31-83 | 78.6 | 1.7 | 1.6 | 6.60 | 7.58 | 0982 |
| Beefsteak Char | BCS | 8.50 | 7.88 | 8.25 | .00 | .00 | 9.75 | 4.50 | .20 | .81 | -.11 | 33.69 | .88 | .17 Q | 26.1 | 38.0 | 3.7 | 10.1 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 27.00 | 25.75 | 25.75 | -1.75 | -6.36 | 29.06 | 14.66 | .00 | -.77 | -6.24 | -3.56 | 1.09 | -.03 N | -2.7 | 21.0 | 7.9 | 24.5 | .30 | 1.2 | 05-09-83 | 173.4 | 13.7 | 1.7 | .00 | 5.17 | 0482 |
| Bonanza Intl Inc | BNZA | 4.88 | 4.38 | 4.38 | .00 | .00 | 4.88 | 1.50 | .36 | -1.91 | 2.90 | 10.54 | .11 | .17 Q | NC | -81.0 | 3.1 | 25.7 | .00 | .0 | 00-00-00 | 16.1 | .5 | 1.6 | 9.70 | 1.67 | 1282 |
| Brock Hotel Cp | BHC | 11.25 | 9.75 | 10.13 | -.88 | -7.95 | 16.13 | 7.50 | .51 | .03 | 2.50 | -1.07 | .39 | -.31 Q | -52.5 | -4.0 | 2.0 | 36.2 | .10 | 1.0 | 03-15-83 | 259.8 | 5.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 15.25 | 14.25 | 15.00 | .50 | 3.45 | 17.25 | 5.16 | -.34 | 1.71 | -1.04 | 15.85 | .80 | .06 F | 8.1 | 7.0 | 4.6 | 18.8 | .20 | 1.3 | 04-28-83 | 30.2 | 1.4 | .6 | 1.01 | 1.51 | 0282 |
| Captain Crabs | CRAB | 4.13 | 4.00 | 4.13 | .25 | 6.45 | 4.13 | 1.00 | .34 | .24 | 4.97 | -3.62 | .00 | .00 Q | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Develop | CRL | 14.00 | 11.63 | 13.88 | 2.13 | 18.09 | 14.00 | 3.34 | .71 | 2.91 | .32 | -8.93 | .44 | .40 N | 93.0 | 22.0 | 1.9 | 16.7 | .07 | .5 | 02-02-83 | 68.6 | 1.3 | .6 | 6.55 | 4.00 | 0582 |
| Chart House | CHHO | 34.00 | 29.50 | 32.00 | 2.50 | 8.47 | 34.00 | 17.25 | .48 | -.97 | 4.18 | -13.08 | 2.08 | .05 Q | 2.4 | 13.0 | 4.9 | 15.3 | .60 | 1.9 | 03-17-83 | 382.0 | 18.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 32.25 | 27.63 | 31.25 | 2.50 | 8.70 | 32.25 | 8.75 | .92 | 1.08 | 3.89 | -34.73 | .55 | .34 N | 82.9 | 26.0 | 11.7 | 41.7 | .00 | .0 | 12-20-82 | 38.6 | 4.5 | 3.0 | 2.18 | 2.26 | 0482 |
| Ch Full O Nut | CHF | 17.88 | 17.00 | 17.38 | -.50 | -2.80 | 19.88 | 12.00 | -.19 | -.11 | -2.16 | -21.52 | .34 | -.07 S | -14.5 | -11.0 | 1.4 | 42.4 | .40 | 2.3 | 12-09-82 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 29.50 | 26.00 | 26.50 | -2.19 | -7.63 | 29.50 | 16.69 | -.12 | -1.44 | -1.25 | -81.77 | 2.19 | -.11 Q | -4.7 | 9.0 | 10.1 | 12.0 | 1.00 | 3.8 | 01-24-83 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 4.00 | 3.13 | 3.38 | .38 | 12.50 | 4.00 | 2.63 | .34 | -1.44 | 8.55 | -38.11 | .13 | .19 F | NE | NE | 1.7 | 26.0 | .00 | .0 | 00-00-00 | 17.2 | .3 | .0 | 7.17 | .29 | 1281 |
| Collins Foods | CF | 29.75 | 26.13 | 29.25 | 2.88 | 10.90 | 29.75 | 10.88 | .41 | 2.56 | -2.84 | 14.52 | 1.69 | .53 N | 33.3 | 16.0 | 3.2 | 13.8 | .24 | .8 | 03-25-83 | 298.0 | 9.6 | 1.3 | 7.44 | 10.69 | 0482 |
| Consul Corp | CNSL | 17.25 | 15.38 | 17.13 | 2.00 | 13.22 | 17.25 | 5.88 | .83 | .66 | 1.33 | -25.26 | .00 | .16 N | 400.0 | NE | .0 | 85.6 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 31.50 | 29.00 | 31.50 | 2.50 | 8.62 | 31.50 | 9.25 | .44 | 1.80 | 1.01 | 17.57 | 1.03 | .18 S | 17.8 | 19.0 | 3.7 | 26.5 | .00 | .0 | 00-00-00 | 35.4 | 1.3 | 1.9 | 5.35 | 6.69 | 0782 |
| Dennys Inc | DEN | 35.63 | 33.25 | 33.38 | -1.63 | -4.64 | 36.88 | 22.38 | -.32 | -1.29 | -4.90 | 14.98 | 2.47 | .26 N | 11.1 | 9.0 | 3.9 | 12.9 | .64 | 1.9 | 03-04-83 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 24.25 | 21.88 | 24.25 | 2.75 | 12.79 | 24.25 | 9.91 | .18 | 1.30 | -2.66 | -11.47 | 1.40 | .20 Q | 15.8 | 18.0 | 9.4 | 16.6 | .24 | 1.0 | 02-07-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 18.50 | 17.75 | 18.00 | -.38 | -2.04 | 18.50 | 7.94 | .32 | .18 | -1.94 | 9.64 | 1.80 | -.27 N | -15.0 | 12.0 | 3.8 | 11.8 | .40 | 2.2 | 03-29-83 | 101.0 | 3.8 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 24.38 | 22.75 | 23.50 | -.88 | -3.59 | 25.50 | 9.63 | .17 | .52 | 2.39 | -42.91 | .65 | .07 F | 12.0 | 121.0 | 15.8 | 36.2 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Hambrg Hamlet | HAMB | 11.25 | 10.25 | 10.50 | -.75 | -6.67 | 11.25 | 5.00 | .58 | -1.99 | .08 | 1.19 | 1.35 | .54 N | 93.1 | -8.0 | 3.2 | 9.4 | .00 | .0 | 00-00-00 | 31.6 | 1.0 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.63 | 1.50 | 1.63 | .13 | 8.33 | 2.13 | .88 | .88 | .00 | 3.17 | 27.78 | 12.59 | -10.09 F | NE | -69.0 | -89.4 | NE | .00 | .0 | 00-00-00 | 27.4 | -24.5 | .3 | 12.03 | -4.31 | 0982 |
| Hilton Hotels | HLT | 57.25 | 54.38 | 55.63 | -1.38 | -2.41 | 57.38 | 27.63 | .79 | .45 | -2.50 | 25.07 | 3.04 | -1.10 Q | -27.9 | .0 | 14.4 | 19.6 | 1.80 | 3.2 | 05-27-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 50.25 | 46.50 | 48.38 | -1.50 | -3.01 | 51.25 | 24.50 | .38 | .90 | -.61 | 13.01 | 2.50 | -.18 Q | -6.4 | 8.0 | 6.8 | 18.6 | .84 | 1.7 | 03-14-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Holiday Inns A | HIA A | 71.00 | 70.50 | 71.00 | 5.00 | 7.58 | 71.00 | 38.38 | .33 | .38 | -2.00 | 50.00 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 37.75 | 31.75 | 37.50 | 4.00 | 11.94 | 37.75 | 13.06 | .99 | 4.04 | -8.32 | 22.06 | 1.14 | .37 Q | 40.2 | 39.0 | 2.8 | 29.1 | .00 | .0 | 09-27-82 | 235.4 | 6.6 | 1.7 | 11.45 | 6.30 | 1281 |
| Hungry Tiger | HTIG | 10.25 | 9.50 | 9.50 | -.50 | -5.00 | 12.25 | 4.84 | -.35 | -.59 | -.70 | -6.27 | .78 | -.07 S | -9.4 | 7.0 | 3.8 | 14.2 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 1.94 | 1.63 | 1.81 | -.13 | -6.45 | 2.06 | 1.50 | -.22 | 1.10 | 2.58 | 61.34 | .24 | .00 Q | .0 | -7.0 | 2.0 | 7.6 | .14 | 7.7 | 09-28-82 | 3462.9 | 171.0 | 1.1 | .65 | 2.08 | 1081 |
| Intl Dairy Queen | INDQ | 33.00 | 30.00 | 33.00 | 3.50 | 11.86 | 33.00 | 11.25 | .20 | 2.39 | 4.63 | -10.90 | 2.17 | .60 Q | 35.5 | 30.0 | 6.3 | 14.4 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 24.25 | 22.88 | 23.00 | -.63 | -2.65 | 24.25 | 3.00 | .81 | .41 | -1.88 | -11.00 | .33 | .98 N | 515.7 | 20.0 | 1.4 | 19.7 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 18.00 | 15.88 | 17.38 | 1.50 | 9.45 | 18.00 | 5.75 | .49 | 1.32 | .52 | -17.42 | .93 | .27 S | 37.5 | 13.0 | 3.5 | 17.6 | .16 | .9 | 05-09-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 23.13 | 19.50 | 22.75 | 3.13 | 15.92 | 23.50 | 12.69 | .35 | 1.23 | 2.26 | -18.27 | 1.40 | -.11 N | -7.5 | 21.0 | 5.1 | 17.0 | .12 | .5 | 05-09-83 | 425.5 | 21.8 | .9 | 2.91 | 8.99 | 0682 |
| Kapok Tr Inns | KTI | 7.13 | 6.50 | 7.13 | .50 | 7.55 | 7.13 | 3.00 | .12 | .56 | -4.12 | -73.53 | -.37 | -.21 Q | NE | -46.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 17.50 | 16.25 | 17.13 | .38 | 2.24 | 24.50 | 10.34 | .99 | 1.23 | 2.28 | -5.96 | .59 | .26 N | 72.2 | 98.0 | 8.4 | 27.6 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 29.75 | 28.63 | 29.50 | -.25 | -.84 | 29.75 | 9.50 | .79 | .61 | 2.84 | 4.63 | 1.21 | 1.43 N | NC | 17.0 | 3.4 | 20.6 | .00 | .0 | 02-16-83 | 200.6 | 6.9 | 1.9 | 5.15 | 6.67 | 0182 |
| Lubys Cafe | LUB | 30.50 | 29.38 | 30.13 | .38 | 1.26 | 32.59 | 20.50 | -.13 | .19 | -2.53 | -5.45 | 1.35 | .18 S | 14.4 | 20.0 | 9.1 | 21.1 | .48 | 1.6 | 06-06-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0882 |
| Marcus Corp | MRCS | 12.75 | 11.75 | 12.38 | .63 | 5.32 | 12.75 | 5.88 | .40 | 2.00 | 4.84 | 49.02 | 1.13 | .06 N | 5.1 | 4.0 | 5.7 | 10.1 | .00 | .0 | 08-24-81 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 73.00 | 70.63 | 71.75 | -.38 | -.52 | 73.00 | 32.00 | .26 | .24 | -1.06 | 18.03 | 3.44 | .38 Q | 11.8 | 24.0 | 3.7 | 20.0 | .36 | .5 | 03-21-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonalds Cp | MCD | 68.25 | 63.00 | 63.75 | -3.00 | -4.49 | 74.50 | 43.59 | -.61 | -.49 | 2.17 | 9.72 | 5.00 | .65 Q | 14.5 | 17.0 | 10.9 | 12.4 | 1.00 | 1.6 | 05-24-83 | 2769.5 | 300.6 | .5 | 15.35 | 22.73 | 1281 |
| Morrison Inc | MORR | 18.88 | 16.88 | 17.88 | .63 | 3.62 | 20.13 | 9.75 | -.39 | -.91 | 3.68 | -25.76 | 1.16 | .31 N | 29.5 | 9.0 | 4.1 | 13.1 | .40 | 2.2 | 04-11-83 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 9.00 | 7.50 | 8.88 | 1.13 | 14.52 | 9.00 | 1.75 | .26 | 1.05 | -1.34 | -15.25 | -.98 | -.42 S | NE | -38.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 1.86 | 1.88 | 1.88 | .00 | .00 | 2.50 | .72 | .41 | .18 | -2.72 | -28.57 | .03 | .80 N | NE | NE | .6 | 18.8 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles | NAUG | 30.75 | 28.50 | 29.75 | 2.00 | 7.21 | 30.75 | 8.53 | 1.00 | .01 | 2.39 | -41.49 | .78 | .88 N | NC | 48.0 | 3.9 | 33.8 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 16.00 | 14.00 | 15.00 | -1.50 | -9.09 | 18.50 | 9.00 | -1.07 | 2.24 | 2.54 | -5.56 | .69 | -1.12 S | -82.9 | -29.0 | .4 | 65.2 | .32 | 2.1 | 03-14-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 7.88 | 6.63 | 6.88 | .00 | .00 | 7.88 | 4.38 | 1.57 | -.28 | 6.50 | -30.57 | -.25 | -1.94 S | -192.0 | -28.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 11.00 | 10.00 | 11.00 | .50 | 4.76 | 11.00 | 4.75 | .61 | 1.62 | -3.86 | -30.92 | .19 | .20 N | NC | 81.0 | 13.8 | 55.0 | .00 | .0 | 00-00-00 | 5.8 | -.8 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 17.25 | 16.75 | 16.75 | .00 | .00 | 18.13 | 13.50 | -.13 | .04 | -.49 | 12.36 | 1.39 | -.36 N | -25.0 | 9.0 | 5.9 | 15.5 | .60 | 3.6 | 06-09-83 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 13.38 | 11.75 | 13.25 | .38 | 2.91 | 13.38 | 4.50 | .47 | 3.60 | -1.30 | 39.68 | .61 | .24 Q | 43.6 | 5.0 | 1.3 | 16.8 | .02 | .2 | 04-11-83 | 135.1 | 1.7 | .9 | 13.55 | 7.29 | 1282 |
| Pizza Time Thea | CHKY | 24.75 | 20.00 | 23.50 | 3.25 | 16.05 | 31.50 | 14.25 | 1.45 | -.04 | 2.31 | -28.47 | 1.27 | .33 Q | 40.2 | 29.0 | 7.6 | 20.4 | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 24.50 | 20.63 | 24.50 | 3.00 | 13.95 | 24.50 | 9.34 | .38 | 1.60 | .28 | .32 | 1.50 | .18 F | 13.6 | -6.0 | 2.8 | 16.3 | .33 | 1.3 | 06-08-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 10.00 | 8.50 | 9.50 | .75 | 8.57 | 10.00 | 4.25 | .85 | -.45 | 3.38 | -17.84 | -.73 | -.69 Q | NE | -44.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 548.3 | -19.8 | .6 | 18.98 | 6.03 | 1281 |
| Restaur Assc | RA | 11.38 | 9.38 | 9.50 | -.75 | -7.32 | 11.38 | 3.25 | .77 | -2.78 | 2.57 | -25.00 | .77 | -.06 Q | -8.2 | 22.0 | 1.8 | 14.2 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 20.00 | 18.50 | 20.00 | 2.75 | 15.94 | 22.25 | 3.09 | -.13 | .45 | .00 | 28.38 | .33 | .36 Q | NC | 68.0 | 10.6 | 55.6 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 64.00 | 61.00 | 62.13 | -.13 | -.20 | 64.00 | 23.88 | .69 | -.35 | -.94 | 19.86 | 3.35 | .96 N | 29.8 | 41.0 | 1.9 | 14.9 | .72 | 1.2 | 05-16-83 | 901.0 | 16.8 | .9 | 8.51 | 17.72 | 0682 |
| Sandwich Chef | SHEF | 15.00 | 14.50 | 14.50 | -.50 | -3.33 | 15.50 | 11.50 | -.39 | .18 | -6.87 | 61.11 | .77 | .75 N | NC | 24.0 | 4.7 | 19.3 | .00 | .0 | 00-00-00 | 17.0 | .8 | .6 | .50 | 3.42 | 0682 |
| Sea Galley | SEAG | 9.88 | 8.63 | 9.88 | 1.25 | 14.49 | 9.88 | 5.50 | .00 | 1.91 | 2.10 | 5.10 | .02 | -.91 Q | -135.8 | -33.0 | .1 | NE | .00 | .0 | 06-02-81 | 70.1 | .1 | 1.8 | 2.38 | 4.99 | 1281 |
| Servico Inc | SRVI | 18.50 | 15.25 | 18.00 | 2.75 | 18.03 | 18.50 | 7.03 | .61 | 2.08 | 2.27 | 24.05 | .74 | -.79 F | -51.6 | 42.0 | 1.5 | 24.3 | .00 | .0 | 07-09-82 | 139.1 | 2.1 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 27.38 | 25.00 | 25.00 | -1.75 | -6.54 | 27.38 | 12.66 | .11 | -2.23 | -5.25 | -11.17 | .86 | .18 Q | 24.3 | 19.0 | 5.1 | 27.2 | .15 | .6 | 03-11-83 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Skippers | SKIP | 13.50 | 11.00 | 13.50 | 2.25 | 20.00 | 13.50 | 3.16 | .68 | 4.48 | 10.63 | 48.53 | .48 | .27 Q | 67.5 | 14.0 | 2.6 | 20.1 | .08 | .6 | 03-31-83 | 38.1 | 1.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTZ | 16.00 | 16.00 | 16.00 | .00 | .00 | 16.50 | 10.00 | -.06 | .17 | -5.28 | -70.00 | .28 | -.11 F | -28.2 | 5.0 | .9 | 57.1 | .20 | 1.3 | 06-25-82 | 80.1 | .7 | 1.1 | 26.22 | 9.51 | 1282 |
| So Hospitality | SHOS | 5.50 | 5.25 | 5.50 | .13 | 2.33 | 6.25 | 1.38 | -.16 | 1.22 | -.30 | -11.33 | .14 | .21 N | NC | 25.0 | 2.5 | 26.2 | .00 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 6.75 | 6.25 | 6.75 | .50 | 8.00 | 7.00 | 2.63 | .55 | 2.10 | 3.14 | 13.33 | .18 | .16 Q | 400.0 | 38.0 | 1.4 | 33.8 | .00 | .0 | 05-17-79 | 57.2 | .8 | 1.2 | 4.60 | 2.60 | 0981 |
| Victoria Stations | VSTA | 9.50 | 8.88 | 8.88 | -.63 | -6.58 | 10.00 | 5.00 | -.15 | -.52 | -5.33 | -24.65 | .35 | -1.05 N | -875.0 | -41.0 | 1.0 | NE | .00 | .0 | 09-19-79 | 123.4 | 1.2 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 19.63 | 17.00 | 17.75 | -1.50 | -7.79 | 19.63 | 9.59 | -.29 | -.61 | -1.97 | 9.85 | 1.13 | .16 Q | 15.8 | 13.0 | 7.3 | 15.2 | .24 | 1.4 | 04-29-83 | 607.6 | 44.1 | .6 | 2.56 | 5.27 | 1281 |
| Webb Del E | WBB | 18.75 | 15.25 | 18.50 | 2.88 | 18.40 | 18.75 | 5.88 | .57 | 3.68 | 1.71 | 4.19 | .16 | -.80 Q | -129.0 | -25.0 | .5 | NE | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 17.50 | 15.00 | 15.00 | -2.50 | -14.29 | 17.50 | 8.00 | .49 | -.80 | -1.28 | -8.93 | 1.06 | 1.13 N | NC | 9.0 | 3.7 | 13.3 | .12 | .8 | 12-08-82 | 27.3 | 1.0 | 1.3 | 6.97 | 6.29 | 0282 |
| Winners Cp | WNER | 15.00 | 13.63 | 15.00 | 1.75 | 13.21 | 15.00 | 6.94 | .34 | 1.99 | 2.27 | 25.51 | .62 | .12 F | 24.0 | 7.0 | 2.6 | 24.2 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .3 | 10.03 | 5.32 | 1281 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

BEST AVAIL

FINANCIAL NEWS

# Increase in airline losses blamed on heavy discounts

Heavy discounting was blamed for the large losses suffered by the nation's top airlines in the first quarter ended March 31, despite increased passenger traffic and substantially lower fuel prices.

Operating losses for the top 11 carriers rose 13.2% to $571 million for the first three months of the year compared to the same period in 1982. In all of last year, the top 11 airlines reported operating losses of $602 million, making 1982 the industry's worst year.

The reason given by airline executives and industry analysts for the weak first quarter: discounting of ticket prices, such as Pan American's $99 for a ticket on any domestic flight, and Trans World's "kids fly free when accompanied by an adult" promotion. Other airlines had similar promotions and discounting.

In the quarter, passenger traffic rose 14% while fuel prices dropped 7% compared with 1982's first quarter.

Pan Am and Trans World managed to narrow losses in the quarter. Pan Am lost $79.6 million compared with a loss of $127.3 million a year earlier. Trans World Corp. reported a loss of $82.3 million compared with a loss of $102.7 million in 1982's first quarter.

Republic Airlines reported a first-quarter loss of $59 million, up from $22.6 million a year earlier, despite a 21% rise in revenue passenger miles. Republic's revenues totaled $357.9 million, down 4%.

Other major airlines that reported losses: AMR Corp., parent of American Airlines, which lost $41.6 million; Eastern, which reported a $60.7 million loss; USAir Group, which lost $1.9 million.

## Pizza Time Theatre profit decreases 40%

SUNNYVALE, Calif.—Pizza Time Theater has proposed a public offering of convertible subordinated debentures worth about $30 million.

The company said proceeds would be used to retire bank debt and finance the opening of new company units.

Debentures are bonds that can be converted later into shares of common stock. Purchasers of debentures are paid interest while they hold the notes.

For its first fiscal quarter ended March 24 Pizza Time reported a 40% drop in profits from last years first quarter to $942,193. Revenues for the same period moved up 103%, from $17.1 million in 1982 to $34.8 million this year.

Pizza Time said that average volumes in company stores were lower while expenses stayed about the same.

A spokesman said the company planned to open 60 units this year and that franchisees planned to open another 60. As of early May there were 137 company-owned and 102 franchised units in 36 states, Canada, Australia and Hong Kong.

In the first four months this year about 30 company-owned units were opened.

Pizza Time plans to open its first units in Puerto Rico and England within a month.

## Ramada earnings down $6.4M

PHOENIX—Ramada Inns reported a net loss of $6.4 million for the first quarter ended March 31. Revenues for the same period were up 1.7% to $130 million compared to last year's first quarter.

Results included an extraordinary gain of $5 million.

The Atlantic City Tropicana recorded an operating income of $1.4 million during the first quarter compared to a $3.4 million loss for the same period last year.

The Las Vegas Tropicana also improved with $1.8 million in operating income this quarter as opposed to a $1.8 million loss in last year's first quarter.

However, the hotel group had a first-quarter operating income of $4.7 million (before gains of $532,000 from property sales) as opposed to last year's $10.2 million for the same period. The company experienced lower occupancy rates and margins in its company-owned hotels this quarter. Occupancy rates for company-owned hotels in the United States, overall, dropped 3.5%.

## Western Steer net off 14%

CLAREMONT, N.C.—Western Steer-Mom 'N' Pop's Inc., franchisor of 160-odd budget steakhouses, posted a 14% decline in net profits to $866,141 for the fiscal year ended Feb. 25, compared to the year before.

Revenues rose 5.5% to $28.8 million year to year, the company said.

The company also said registration was pending with the U.S. Securities and Exchange Commission for a 400,000-share public offering.

At the end of the third quarter the chain numbered 166 units, compared to 169 at the end of fiscal 1982.

Western Steer said operating profits for the year increased 131% to $1.6 million and pretax profits held steady at $1.8 million, vs. fiscal 1982.

Net profits decreased from fiscal 1982 to fiscal 1983, the company said, because of a higher effective income tax rate. In addition, the company said, pretax profits in fiscal 1982 were bloated by a $718,000 one-time gain on the sale of investments.

The company did not say what the proceeds of its intended equity offering would be used for.

## Winners Corp. earnings up 81% in first quarter

NASHVILLE—Winners Corp., franchisor of 80 Mrs. Winner's fried chicken outlets and a Wendy's franchisee, posted net profits of $471,000 for the first quarter ended March 31, an 81% increase over last year's quarter.

Sales for the quarter declined 5% to $17.8 million from last year, due to the disposition in late 1982 of 41 out of 46 West Coast Wendy's units.

Sales at the Mrs. Winner's Chicken & Biscuits division increased 75% to $9.7 million year to year as the number of stores in operation rose to 70 company units from 48 last year.

The company also reported weighted average unit sales, which includes stores open less than a year, increased 30% for the quarter in the Mrs. Winner's division to $149,000.

## Garcia's posts $270,000 net loss

PHOENIX—Garcia's of Scottsdale has posted a net loss of $270,000 for the first quarter ended April 24. In the same period last year the company recorded net earnings of $519,000 on revenues of $8 million. This year's first-quarter revenues were up 24% to $9.9 million.

Last year's first quarter included an extraordinary credit of $147,000—a tax benefit from operating loss carry forward from prior years.

Dennis Mullen, Garcia's president and coo, said the 21-unit Mexican operation is encouraged by the first-quarter results, since losses in the fourth quarter of last year were approximately $1.4 million.

"Even more encouraging was the trend within the quarter, with each consecutive period showing continued improvement," Mullen said. The company's fiscal year comprises 13 four-week accounting periods, with four in the first quarter and three in all other quarters.

He said restaurant sales volumes are the company's major area of concern, with a comprehensive marketing plan developed during the first quarter now being implemented to boost traffic. The marketing plan included new television commercials to be broadcast in selected markets.

"While it is too early to measure the sustained effect of our increased marketing activities," Mullen said, "results to date have been very good."

Chairman and ceo Thomas G. Fleck indicated that despite the first-quarter results he was "greatly encouraged" with the quarter-to-quarter and period-to-period trends, and the "growing evidence" that steps the company has taken to return to profitability were working.

### EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Ramada Inns | 3 mos. | 3/31 | | | $130.0 | 1.7 | $ 6.400 | — |
| Pizza Time Theatre | 3 mos. | 3/24 | | | 34.8 | 103.0 | 0.942 | (40.0) |
| Western Steer-Mom 'N' Pops Inc. | 12 mos. | 2/25 | | | 28.8 | 5.5 | 0.866 | (14.0) |
| Garcia's of Scottsdale | 3 mos. | 4/24 | | | 9.9 | 24.0 | (0.270) | — |
| Wendy's Inter. Inc. | 3 mos. | 3/31 | $406.0 | 11.3 | 153.5 | 11.6 | 10.000 | 25.0 |
| Fast Food Operators Inc. | 3 mos. | 3/31 | 1.1 | 43.0 | | | 0.077 | 216.0 |
| Winner's Corp. | 3 mos. | 3/31 | 17.8 | (5.0) | | | 0.471 | 81.0 |
| Piccadilly | 3 mos.<br>9 mos. | 3/31 | 36.0<br>113.7 | 69.0<br>7.7 | | | 0.644<br>5.100 | (66.0)<br>(27.0) |
| Max & Erma's | 10 mos. | 10/31 | 12.4 | 14.0 | | | 0.185 | — |
| JB Restaurants | 3 mos.<br>6 mos. | 3/13 | 11.6<br>22.8 | 22.0<br>20.0 | | | 0.287<br>0.673 | 76.0<br>38.0 |
| Marcus Corp. | 3 mos.<br>9 mos. | | 22.8<br>76.1 | 12.3<br>5.1 | | | 0.755<br>4.700 | 97.0<br>8.3 |
| Esteban's Mex. Foods | 3 mos.<br>12 mos. | 12/25 | | | 2.0<br>6.9 | 63.0<br>31.0 | (0.213)<br>(0.506) | —<br>— |
| Pizza Inn | 3 mos. | 3/27 | | | 35.0 | 2.3 | 0.948 | |
| Sandwich Chef | 3 mos.<br>9 mos. | 4/2 | 5.3<br>14.5 | 24.0<br>14.5 | | | 0.216<br>0.598 | |
| Rax Restaurants | 3 mos.<br>9 mos. | 3/31 | | | 14.4<br>43.8 | 31.0<br>32.0 | 0.318<br>1.300 | 53.0<br>414.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

## Max & Erma's reverses '81 loss

COLUMBUS, Ohio—Max & Erma's, a 10-unit chain of gourmet hamburger places, reported net profit of $184,895 for the fiscal year ended Oct. 31 compared to a net loss of $49,430 the previous year.

Sales went up 14% to $12,404,000 for the year.

Fiscal 1982, however, was just 44 weeks long, due to a change to an Oct. 31 year-end. Fiscal 1981 was a full 52 weeks.

Barry Zacks, chief executive officer and chairman, said the increases in sales and profits were due to the opening of two restaurants during the fiscal year, refinement of a corporate purchasing plan, and introduction of a higher-priced line of dinner entrees.

Max & Erma's plans to open new units this year in Louisville, Ky., and Farmington Hills, Mich.

## Piccadilly earnings drop 16%

BATON ROUGE, La.—Piccadilly Cafeterias reported net profits declined 16% to $2.5 million for the second quarter ended Dec. 31 compared to the same year-ago period.

Revenues gained 8% to $39.8 million from the 1981 quarter.

For the six-month period, Piccadilly said net profits fell 12% to $4.5 million and revenues rose 8% to $77.7 million compared to the previous year.

The company said increased operating profits were swallowed by increased hospitalization and pension expenses and a stiffer effective income tax rate.

The firm operates 83 cafeterias in the Sunbelt, and plans to open a new unit in Baton Rouge and Atlanta before July.

## Fast Food Operators net profit increases

NEW YORK—Fast Food Operators Inc., a Popeyes Famous Fried Chicken franchisee, reports that profits in the quarter ended March 31 increased 216% to $77,000 on a 43% rise in sales to $1.1 million compared to the same period.

The company operates six Popeyes units in New York City and is the management consultant to Kapok Tree Inns Corp. Fast Food Operators added new units and the consulting business after 1982's first quarter.

All six New York City units are operating profitably, according to Aaron Fodiman, president of Fast Food Operators. His company is building units in Teaneck, N.J., and Queens, N.Y.

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**Complete NRA Show Wrap-up—Pp. 93-121**
**What's Cooking at Culinary Schools—P. 65**

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# McD plots rebound from soft sales

(NRN Photos)

Above, McDonald's Fred Turner (left), Mike Quinlan (center) and Jack Greenberg chat with press after meeting.

Right, McDonald's founder Ray Kroc (sitting) greets admirers after the chain's annual stockholder meeting.

## *Execs reveal strategic plan*

**By Charles Bernstein**

OAK BROOK, Ill.—Conceding that McDonald's sales have been soft over the last six months "for unknown reasons," chairman and ceo Fred Turner told over 1,000 stockholders at the annual meeting here that McD is confident of a quick recovery, a record 1980's growth and a $2 million average annual unit volume (up 65% from current levels) by 1990.

"Burger King's advertising campaign (claiming the Whopper beat the Big Mac) was a little irritating and personally caused me some sleepless nights," Turner acknowledged in answer to a stockholder's inevitable question, "But I doubt that their campaign has hurt our sales. Anyone who knows cooking knows that we grill everything, and that it's actually a better product."

McD is unveiling a blockbuster campaign of its own, emphasizing price/value and quality. Breakfast values include a 99¢ Egg McMuffin, 79¢ scrambled eggs and 69¢ hot cakes; a 99¢ Big Mac is being promoted.

A leading British personality will appear in a national TV campaign to highlight an ultra-sophisticated message that McD burgers are absolute top-quality and that the chain doesn't serve anything resembling "junk food."

(The apparent fact that McD's and Wendy's customer counts have been flat while Burger King's and Jack-in-the-Box have soared at least 10% could indicate a shift in the power balance. But McD is coming from a much higher base of $1.2 million average unit volume, and BK is coming from its exceptionally flat situaton of a year ago.)

After the meeting, Turner declined to answer a question from this editor on how he felt about the apparent traffic declines and what he would do about it. He explained that there was no point in tipping his strategy to competitors but said that "I'll stand by whatever I said during the stockholder meeting."

*(Continued on page 140)*

# NRA launching massive effort to amend tip reporting

**By Charles Bernstein**

CHICAGO—The National Restaurant Association has decided that repeal of the new controversial tip reporting law is unnecessary, and that all efforts should be geared to enacting key amendments.

"It's a law we can live with—if more reasonable reporting requirements can be substituted for the 8% allocation provisions and other inequities can be changed," new NRA chairman and president Joe Lee told this editor in response to a query on why the NRA was no longer trying to defeat tip credit reporting completely. (See related story, page 93.)

Robert Neville, NRA staff chief, affirmed at the legislative press conference during the NRA Show that "yes, we most definitely did defeat the bill on the Senate floor last summer" (until Sen. Robert Dole threatened meal-entertainment tax deductions changes).

Emphasizing that the NRA staff will draft plans for "a massive grassroots effort which will ensure the passage of desired amendments," Lee declared that "if food-service employees, restaurant owners and operators and customers speak out, Congress will listen."

He warned that the NRA board "is committed to eliminating the injustices created by the current tip reporting requirements" although it would prefer to "work with our legislators and the IRS rather than cause a legislative battle."

In an apparent direct reference to Dole's entertainment—meal tax deduction threat of last year, Lee noted that "the struggle to amend this law could bring reprisals. In recent times, many citizens seeking the defeat or repeal of harmful laws have been threatened with even more destructive legislation."

The NRA believes that "this kind of reprisal is a threat to the right of all citizens to seek redress through the legislative process," he declared, and vowed "to fight any such efforts too."

Lee's reactions and those of NRA officials and board members came against a backdrop of apparent increasing frustration

*(Continued on page 140)*

## *Dole ready to 'talk turkey' with NRA?*

WASHINGTON—Sen. Robert Dole (R-Kan.) indicated at presstime that he would meet with NRA officials "at a date to be determined" to discuss the NRA board's new three-part amendment resolution on tip credit reporting, NRA sources said.

They said that Dole's office had been reticent about any such meeting "until hearing of the new resolution passed by the board, which shows that the NRA means business."

Other sources pointed out, however, that Dole can act only when the IRS reviews the estimated result of any amendments. "This could take many more months," it was noted.

The NRA has been studying the situation for many months and "feels that we would like to reach an accommodation if possible, but that we are prepared to fight all the way for the amended legislation we want," a high NRA official declared.

# *Grace unveils 2nd Gladstone's*

**By Richard Martin**

NEWPORT BEACH, Calif.—Bob Morris, president of W. R. Grace's newest restaurant division, Mor Food 'N Fun, has opened the door on his second Gladstone's for Fish unit—complete with an old-fashioned candy kitchen, tanks of live seafood, and a piano player who stands on his head while performing.

"I'm super happy, happier than I've ever been in my life," Morris said, while supervising the completion of remodeling on the former Far West Services restaurant, the Gorda Liz, just days before the opening.

Late last month the Grace restaurant group, headed by executive vp Anwar Soliman, completed 10 months of negotiations with Morris to acquire Mor Food 'N Fun, which comprised the nine-year-old original Gladstone's, on the beach just north of Santa Monica, and RJ's The Rib Joint, in Beverly Hills.

Terms of the acquisition were not disclosed. Gladstone's, with annual sales of about $8 million, is considered Los Angeles's top grossing restaurant; RJ's was good for about $4 million in sales last year.

Morris and Grace have mapped an expansion program for the two concepts in southern California which calls for five more units—one every four months—over the next two years. A second unit of RJ's The Rib Joint is planned to open in another, as yet unselected, Far West property in Newport Beach by the end of the year. Morris has also thoughts of resurrecting The Original Jetty's, a $3-million-a-year beachfront operation he lost to fire in 1979.

Construction, setup and publicity of the new units will be handled by Morris, while operations will be directed by Mor

*(Continued on page 140)*

## LATE NEWSBREAKS

**Saga Corp. has cancelled plans to acquire Dallas-based privately held Chili's Hamburger restaurants after the two companies were unable to agree on specific terms. Saga still intends to complete its acquisition of the Dallas-based Grandy's Fried Chicken chain.**

**John Martin, Hardee's president for just a few months, replaces Terrance Collins as president of PepsiCo's Boulangerie bakery division. Jack Laughery, chairman and ceo of Hardee's parent Imasco U.S.A., temporarily reassumes the Hardee's presidency.**

**The Riese Organization was negotiating at presstime for New York franchise rights to Godfather's Pizza. The pact could give the 800-unit, Omaha-based chain a toehold in New York.**

**Pillsbury is acquiring the $115 million volume Haagen-Dazs ice cream stores for its consumer foods group.**

FINANCIAL NEWS

# Bob Evans restaurant div. profits climb 14% in fiscal '83

COLUMBUS, Ohio—Bob Evans Farms restaurant division profits rose 14% to $8.5 million on a 14% sales increase to $104 million for fiscal 1983 ended April 29.

In the fourth quarter, profits in the restaurant division rose 36% to $2.1 million on a 14% rise in sales to $25.5 million.

Bob Evans Farms Inc., which also is a wholesale producer and supplier of fresh sausage, reported that total profits rose 3% to $14 million on an 8% sales increase to $187.5 million in the fiscal year.

Company profits in the fourth quarter rose 30% to $3.6 million on an 8% rise in sales to $45.7 million.

During most of 1982, company profits were affected by softness in the sausage division caused by record high live hog prices. Sausage division profits for the year dropped 10% to $5.5 million on a 1% rise in sales to $83.8 million.

In the fourth quarter, sausage division profits rose 21% to $1.4 million; sales were relatively flat, however, at $20 million.

Bob Evans Farms restaurant division operates 93 family restaurants in Ohio, Michigan, Indiana, Kentucky, West Virginia, Pennsylvania, and Illinois. At the start of 1982's fourth quarter, the company had 77 restaurants.

The company plans to open about 14 restaurants in the current fiscal year. Its strategy has been to expand its sausage distribution into new areas and establish brand name awareness before opening restaurants.

Most of the restaurants scheduled to open this year will be in established market areas, primarily suburban Chicago and the Pittsburgh area.

# *Caesar's World posts $14.3 million net loss in 3rd qtr.*

LOS ANGELES—Caesars World Inc. posted a net loss of $14.3 million in the third quarter ended April 30. In last year's third quarter, the company earned net profits of $1.2 million.

Revenues edged up 1.7% to $133.8 million from $131.6.

The company cited the impact of a provision for additonal reserves of about $15 milion for some past-due casino account receivables in explaining the setback. The company also said lower earnings at Caesar's New Jersey Inc., an 86%-owned subsidiary that operates Caesars Boardwalk in Atlantic City affected its results.

# Food-service chain stock analysis table

| Name | Symbol | STOCK PRICE: Two Weeks Ended June 3 High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | TREND TO MARKET: Price Trend (% per day) Last 30 Days | Price Trend (% per day) Last 5 Days | Volume Trend (% per day) Last 30 Days | Volume Trend (% per day) Last 5 Days | EARNINGS/SHARE: Last Fiscal Year | Latest 12 Months vs Preceding 12 Months Change Amt. | Change Pct. | 5-Year Annual Growth Rate | Profit Margin | P/E: Latest P/E Ratio | DIVIDENDS: Indicated Dvd. Rate Amt. | Indicated Dvd. Rate Yield | Last X-Dvd. Date | FINANCIAL POSITION: Last Fiscal Year Revenue | Last Fiscal Year Earnings | Current Ratio | Last Fiscal Year (Per Share) Long Term Debt | Last Fiscal Year (Per Share) Common Stock Equity | Last Balance Sheet Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 6.50 | 6.13 | 6.50 | .38 | 6.12 | 7.88 | 3.75 | .10 | -.10 | -2.04 | -17.43 | .05 | -.09 Q | -42.8 | -29.0 | .3 | 54.2 | .00 | .0 | 01-06-81 | 37.1 | .1 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 37.00 | 34.38 | 35.88 | .38 | 1.06 | 37.00 | 15.88 | .16 | .58 | -3.42 | 11.76 | 2.10 | .45 S | 24.8 | 28.0 | 7.0 | 15.9 | .25 | .7 | 01-26-83 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 54.63 | 51.50 | 54.00 | 2.00 | 3.85 | 54.63 | 25.25 | .41 | .34 | .75 | 25.84 | 3.43 | -.30 S | -7.8 | -7.0 | 1.4 | 15.3 | 2.05 | 3.8 | 05-26-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 24.75 | 22.00 | 24.00 | -.75 | -3.03 | 25.00 | 5.00 | -.29 | 1.04 | -1.12 | -5.56 | .58 | -.12 S | -16.6 | -15.0 | 2.2 | 40.0 | .18 | .8 | 05-31-83 | 78.6 | 1.7 | 1.6 | 6.60 | 7.58 | 0982 |
| Beefsteak Char | BCS | 8.88 | 8.13 | 8.50 | .25 | 3.03 | 9.75 | 4.50 | .29 | -.34 | -2.22 | 9.71 | .88 | .17 Q | 26.1 | 38.0 | 3.7 | 10.4 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 29.00 | 25.25 | 29.00 | 3.25 | 12.62 | 29.06 | 14.66 | -.15 | 1.79 | .91 | -10.69 | 1.11 | .02 F | 1.8 | 21.0 | 7.5 | 26.1 | .30 | 1.0 | 05-09-83 | 187.5 | 14.1 | 1.7 | .00 | 5.17 | 0482 |
| Bonanza Intl Inc | BNZA | 5.00 | 4.38 | 4.75 | .38 | 8.57 | 5.00 | 1.50 | .37 | -1.26 | .33 | -54.62 | .11 | .17 Q | NC | -81.0 | 3.1 | 27.9 | .00 | .0 | 00-00-00 | 16.1 | .5 | 1.6 | 9.70 | 1.67 | 1282 |
| Brock Hotel Cp | BHC | 10.88 | 9.75 | 10.63 | .50 | 4.94 | 16.00 | 7.50 | .44 | .27 | -.86 | 23.15 | .39 | -.31 Q | -52.5 | -4.0 | 2.0 | 37.9 | .10 | .9 | 03-15-83 | 259.8 | 5.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 16.50 | 14.00 | 16.50 | 1.50 | 10.00 | 17.25 | 5.16 | -.01 | 4.09 | 3.39 | 51.53 | .80 | .06 F | 8.1 | 7.0 | 4.6 | 20.6 | .20 | 1.2 | 04-28-83 | 30.2 | 1.4 | .6 | 1.01 | 1.51 | 0282 |
| Captain Crabs | CRAB | 4.13 | 3.88 | 4.00 | -.13 | -3.03 | 4.13 | 1.00 | .22 | -.08 | -.15 | -15.27 | .00 | .00 S | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Develop | CRL | 14.00 | 12.38 | 12.50 | -1.38 | -9.91 | 14.00 | 3.34 | .59 | -.93 | -1.57 | 34.79 | .44 | .40 N | 93.0 | 22.0 | 1.9 | 15.1 | .07 | .6 | 02-02-83 | 68.6 | 1.3 | .6 | 6.55 | 4.00 | 0582 |
| Chart House | CHHO | 35.25 | 31.00 | 35.25 | 3.25 | 10.16 | 35.25 | 17.25 | .62 | .22 | .06 | -15.32 | 2.08 | .05 Q | 2.4 | 13.0 | 4.9 | 16.9 | .60 | 1.7 | 03-17-83 | 382.0 | 18.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 35.75 | 30.50 | 34.00 | 2.75 | 8.80 | 35.75 | 8.75 | 1.35 | -.61 | -2.10 | -21.48 | .55 | .34 N | 82.9 | 26.0 | 11.7 | 45.3 | .00 | .0 | 12-20-82 | 38.6 | 4.5 | 3.0 | 2.18 | 2.26 | 0482 |
| Ch Full O Nut | CHF | 21.00 | 17.38 | 21.00 | 3.63 | 20.86 | 21.00 | 12.00 | .41 | 2.21 | 6.35 | .60 | .34 | -.07 S | -14.5 | -11.0 | 1.4 | 51.2 | .40 | 1.9 | 12-09-82 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 28.63 | 25.75 | 27.25 | .75 | 2.83 | 29.50 | 16.69 | -.17 | -.39 | -3.30 | -20.63 | 2.19 | -.11 Q | -4.7 | 9.0 | 10.1 | 12.3 | .72 | 2.6 | 05-20-83 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 4.00 | 3.38 | 3.88 | .50 | 14.81 | 4.00 | 2.63 | .72 | .25 | 2.88 | -23.79 | .13 | .19 F | NE | NE | 2.1 | 29.8 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 29.75 | 27.75 | 28.25 | -1.00 | -3.42 | 29.75 | 10.88 | .47 | -1.28 | -6.50 | -25.18 | 1.69 | .53 N | 33.3 | 16.0 | 3.2 | 13.3 | .24 | .8 | 03-25-83 | 298.0 | 9.6 | 1.3 | 7.44 | 10.69 | 0482 |
| Consul Corp | CNSL | 18.75 | 16.00 | 18.50 | 1.38 | 8.03 | 18.75 | 5.88 | 1.14 | -.33 | 2.62 | -50.88 | .00 | .16 N | 400.0 | NE | .0 | 92.5 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 38.75 | 31.00 | 38.75 | 7.25 | 23.02 | 38.75 | 9.25 | .81 | 3.08 | 1.80 | -3.04 | 1.03 | .32 N | 32.6 | 20.0 | 3.7 | 29.8 | .00 | .0 | 00-00-00 | 35.4 | 1.3 | 1.9 | 5.35 | 6.69 | 0782 |
| Dennys Inc | DEN | 35.25 | 32.75 | 34.00 | .63 | 1.87 | 36.88 | 22.38 | -.23 | -.59 | -2.41 | 3.81 | 2.47 | .26 N | 11.1 | 9.0 | 3.9 | 13.1 | .64 | 1.9 | 06-06-83 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 25.13 | 23.75 | 25.13 | .88 | 3.61 | 25.13 | 9.91 | .65 | .03 | -2.25 | -9.71 | 1.40 | .21 S | 16.0 | 18.0 | 9.4 | 16.5 | .24 | 1.0 | 05-02-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 18.38 | 18.00 | 18.25 | .25 | 1.39 | 18.50 | 7.94 | .20 | .35 | -1.26 | -8.97 | 1.80 | -.27 N | -15.0 | 12.0 | 3.8 | 12.0 | .40 | 2.2 | 03-29-83 | 101.0 | 3.8 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 23.75 | 22.75 | 22.75 | -.75 | -3.19 | 25.50 | 9.63 | -.37 | -1.16 | -1.57 | 2.05 | .65 | .01 Q | 1.5 | 104.0 | 15.8 | 35.5 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Hambrg Hamlet | HAMB | 10.50 | 10.50 | 10.50 | .00 | .00 | 11.25 | 5.50 | -.44 | -.03 | -6.24 | .00 | 1.35 | .54 N | 93.1 | -8.0 | 3.2 | 9.4 | .00 | .0 | 00-00-00 | 31.6 | 1.0 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.63 | 1.63 | 1.63 | .00 | .00 | 2.00 | .88 | -.03 | -.20 | 2.69 | .00 | -12.59 | -10.09 F | NE | -69.0 | -89.4 | NE | .00 | .0 | 00-00-00 | 27.4 | -24.5 | .3 | 12.03 | -4.31 | 0982 |
| Hilton Hotels | HLT | 60.25 | 55.00 | 57.50 | 1.88 | 3.37 | 60.25 | 27.63 | .51 | -.26 | -5.55 | 12.09 | 3.04 | -1.10 Q | -27.9 | .0 | 14.4 | 20.2 | 1.80 | 3.1 | 05-27-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 49.75 | 46.38 | 49.25 | .88 | 1.81 | 51.25 | 24.50 | .17 | .33 | -.28 | 6.74 | 2.50 | -.16 Q | -6.4 | 8.0 | 6.8 | 18.9 | .84 | 1.7 | 03-14-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Holiday Inns A | HIA A | 73.00 | 71.50 | 71.50 | .50 | .70 | 73.00 | 38.50 | .36 | -.20 | 4.06 | -50.00 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 40.75 | 36.50 | 40.75 | 3.25 | 8.67 | 40.75 | 13.06 | .97 | .92 | 1.42 | 45.49 | 1.14 | .37 Q | 40.2 | 39.0 | 2.8 | 31.6 | .00 | .0 | 09-27-82 | 235.4 | 6.6 | 1.7 | 11.45 | 6.30 | 1281 |
| Hungry Tiger | HTIG | 10.50 | 9.50 | 10.00 | .50 | 5.26 | 12.25 | 4.84 | .08 | -1.07 | .67 | -35.65 | .78 | -.07 S | -9.4 | 7.0 | 3.8 | 14.9 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 1.94 | 1.75 | 1.94 | .13 | 6.90 | 2.06 | 1.50 | .07 | -.17 | -2.08 | -44.15 | .24 | .00 Q | .0 | -7.0 | 2.0 | 8.1 | .12 | 6.2 | 04-12-83 | 8462.9 | 171.0 | 1.1 | .65 | 2.08 | 1081 |
| Intl Dairy Queen | INDQ | 38.50 | 33.00 | 36.50 | 3.50 | 10.61 | 38.50 | 11.50 | .90 | -.20 | 3.13 | 11.73 | 2.17 | .60 Q | 35.5 | 30.0 | 6.3 | 15.9 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 25.13 | 22.00 | 24.88 | 1.88 | 8.15 | 25.13 | 3.00 | .08 | -.26 | -1.34 | -32.99 | .33 | .98 N | 515.7 | 20.0 | 1.4 | 21.3 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 17.63 | 16.88 | 17.00 | -.38 | -2.16 | 18.00 | 5.75 | .46 | -1.09 | -.69 | -2.13 | .93 | .27 S | 37.5 | 13.0 | 3.5 | 17.2 | .16 | .9 | 05-09-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 23.13 | 21.75 | 22.13 | -.63 | -2.75 | 23.50 | 12.69 | .69 | -.85 | -.36 | 21.74 | 1.40 | -.11 N | -7.5 | 21.0 | 5.1 | 16.5 | .12 | .5 | 05-09-83 | 425.5 | 21.8 | .9 | 2.91 | 8.99 | 0682 |
| Kapok Tr Inns | KTI | 7.13 | 6.75 | 6.88 | -.25 | -3.51 | 7.13 | 3.00 | .07 | -.84 | -1.29 | -9.18 | -.37 | -.17 S | NE | -46.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 18.13 | 16.63 | 17.63 | .50 | 2.92 | 24.50 | 10.34 | .78 | -.84 | 1.68 | -19.35 | .59 | .26 N | 72.2 | 98.0 | 8.4 | 28.4 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 29.75 | 28.75 | 29.00 | -.50 | -1.69 | 29.75 | 9.50 | .57 | -.28 | -1.52 | 8.49 | 1.21 | 1.43 N | NC | 17.0 | 3.4 | 20.3 | .00 | .0 | 02-16-83 | 200.6 | 6.9 | 1.9 | 5.15 | 6.67 | 0182 |
| Lubys Cafe | LUB | 30.88 | 29.88 | 30.13 | .00 | .00 | 32.59 | 20.50 | .09 | -.65 | -9.20 | 1.74 | 1.35 | .18 S | 14.4 | 20.0 | 9.1 | 21.1 | .48 | 1.6 | 06-06-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0882 |
| Marcus Corp | MRCS | 15.13 | 12.75 | 14.75 | 2.38 | 19.19 | 15.13 | 5.88 | .97 | .81 | 1.71 | -6.42 | 1.13 | .06 N | 5.1 | 4.0 | 5.7 | 12.1 | .00 | .0 | 08-24-81 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 72.88 | 70.00 | 71.25 | -.50 | -.70 | 73.00 | 32.00 | .13 | -.24 | -2.07 | -14.72 | 3.44 | .38 Q | 11.8 | 24.0 | 3.7 | 19.8 | .36 | .5 | 03-21-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonalds Cp | MCD | 66.50 | 61.75 | 62.00 | -1.75 | -2.75 | 74.50 | 44.69 | -.53 | -.59 | -1.80 | 19.94 | 5.00 | .65 Q | 14.5 | 17.0 | 10.9 | 12.1 | 1.00 | 1.6 | 05-24-83 | 2769.5 | 300.6 | .5 | 15.35 | 22.73 | 1281 |
| Morrison Inc | MORR | 18.25 | 17.13 | 17.63 | -.25 | -1.40 | 20.13 | 9.75 | -.07 | -.26 | .65 | 47.06 | 1.16 | .31 N | 29.5 | 9.0 | 4.1 | 13.0 | .40 | 2.3 | 04-11-83 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 10.50 | 8.75 | 10.50 | 1.63 | 18.31 | 10.50 | 1.75 | .85 | 3.05 | 1.37 | 22.96 | -.98 | -.42 S | NE | -38.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 2.63 | 1.88 | 2.63 | .75 | 40.00 | 2.63 | .72 | -.13 | 8.20 | -.30 | 57.70 | .03 | .80 N | NE | NE | .6 | 26.3 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles | NAUG | 30.75 | 29.50 | 30.75 | 1.00 | 3.36 | 30.75 | 8.53 | .50 | .42 | -4.44 | 11.19 | .78 | .88 N | NC | 48.0 | 3.9 | 34.9 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 15.00 | 15.00 | 15.00 | .00 | .00 | 18.50 | 9.00 | -.89 | -.02 | 1.10 | .00 | .69 | -1.12 S | -82.9 | -29.0 | .4 | 65.2 | .32 | 2.1 | 03-14-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 7.13 | 6.00 | 6.38 | -.50 | -7.27 | 7.88 | 4.38 | .89 | -.96 | -.64 | -29.21 | -.25 | -1.94 S | -192.0 | -28.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 12.00 | 10.38 | 10.75 | -.25 | -2.27 | 12.00 | 5.25 | .44 | -2.23 | -1.35 | -28.94 | .19 | .20 N | NC | 81.0 | 13.8 | 53.8 | .00 | .0 | 00-00-00 | 5.8 | .8 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 16.88 | 16.75 | 16.75 | .00 | .00 | 18.13 | 13.50 | -.17 | -.19 | -2.46 | -25.00 | 1.39 | -.36 N | -25.0 | 9.0 | 5.9 | 15.5 | .60 | 3.6 | 06-09-83 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 14.00 | 12.50 | 13.38 | .13 | .94 | 14.00 | 4.50 | .31 | .12 | -1.14 | -13.35 | .61 | .24 Q | 43.6 | 5.0 | 1.3 | 16.9 | .02 | .1 | 04-11-83 | 135.1 | 1.7 | .9 | 13.55 | 7.29 | 1282 |
| Pizza Time Thea | CHKY | 26.00 | 22.50 | 25.00 | 1.50 | 6.38 | 31.50 | 14.25 | 1.21 | -.84 | .12 | -51.21 | 1.27 | .33 Q | 40.2 | 29.0 | 7.6 | 21.7 | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 25.25 | 23.00 | 23.13 | -1.38 | -5.61 | 25.25 | 9.59 | .52 | -1.54 | 1.42 | 64.34 | 1.50 | .18 F | 13.6 | -6.0 | 2.8 | 15.4 | .33 | 1.4 | 06-08-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 10.50 | 8.88 | 9.75 | .25 | 2.63 | 10.50 | 4.25 | .78 | .43 | 5.89 | -9.55 | -.73 | -.69 Q | NE | -44.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 548.3 | -19.8 | .6 | 18.98 | 6.03 | 1281 |
| Restaur Assc | RA | 10.38 | 9.25 | 10.38 | .88 | 9.21 | 11.38 | 3.25 | .49 | 1.58 | -4.87 | 24.07 | .77 | -.06 Q | -8.2 | 22.0 | 1.8 | 15.5 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 19.50 | 17.50 | 18.25 | -1.75 | -8.75 | 22.25 | 3.09 | -.30 | -.89 | -2.28 | 1.77 | .33 | .36 Q | NC | 68.0 | 10.6 | 50.7 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 35.50 | 31.06 | 33.75 | 2.69 | 8.65 | 35.50 | 11.94 | .64 | .62 | -3.22 | 34.45 | 1.68 | .49 N | 30.4 | 41.0 | 1.9 | 16.1 | .36 | 1.1 | 06-02-83 | 901.0 | 16.8 | .9 | 4.26 | 8.86 | 0682 |
| Sandwich Chef | SHEF | 14.75 | 14.50 | 14.50 | .00 | .00 | 15.50 | 11.50 | -.37 | -.09 | 1.81 | 22.27 | .77 | .75 N | NC | 24.0 | 4.7 | 19.3 | .00 | .0 | 00-00-00 | 17.0 | .8 | .6 | .50 | 3.42 | 0682 |
| Sea Galley | SEAG | 12.25 | 9.75 | 12.25 | 2.38 | 24.05 | 12.25 | 5.50 | .98 | 4.56 | 9.21 | 42.39 | .02 | -.91 Q | -135.8 | -33.0 | .1 | NE | .00 | .0 | 06-02-81 | 70.1 | .1 | 1.8 | 2.38 | 4.99 | 1281 |
| Servico Inc | SRVI | 17.50 | 16.75 | 17.25 | -.75 | -4.17 | 18.50 | 7.03 | .41 | .08 | .44 | -13.57 | .74 | -.79 F | -51.6 | 42.0 | 1.5 | 23.3 | .00 | .0 | 07-09-82 | 139.1 | 2.1 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 25.50 | 24.25 | 25.00 | .00 | .00 | 27.38 | 12.66 | -.01 | -.60 | -3.59 | 24.09 | .86 | .18 Q | 24.3 | 19.0 | 5.1 | 27.2 | .15 | .6 | 03-11-83 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Skippers | SKIP | 15.00 | 13.50 | 13.50 | .00 | .00 | 15.00 | 3.16 | 1.45 | -2.32 | 6.59 | -16.95 | .48 | .27 Q | 67.5 | 14.0 | 2.6 | 20.1 | .08 | .6 | 03-31-83 | 38.1 | 1.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTZ | 16.00 | 16.00 | 16.00 | .00 | .00 | 16.50 | 10.00 | .04 | -.08 | 7.13 | 16.67 | .28 | .64 Q | NE | -12.0 | .9 | 26.7 | .20 | 1.3 | 06-13-83 | 80.1 | .7 | 1.1 | 26.22 | 9.51 | 1282 |
| So Hospitality | SHOS | 5.50 | 5.00 | 5.00 | -.50 | -9.09 | 6.25 | 1.38 | .08 | -1.45 | -2.09 | 17.24 | .14 | .21 N | NC | 25.0 | 2.5 | 23.8 | .00 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 7.88 | 7.38 | 7.88 | 1.13 | 16.67 | 7.88 | 2.63 | .95 | .25 | 3.14 | -15.18 | .18 | .16 Q | 400.0 | 38.0 | 1.4 | 39.4 | .00 | .0 | 05-17-79 | 57.2 | .8 | 1.2 | 4.60 | 2.60 | 0981 |
| Victoria Stations | VSTA | 11.88 | 8.75 | 11.38 | 2.50 | 28.17 | 11.88 | 5.00 | .86 | -.67 | 8.43 | -52.39 | .35 | -1.05 N | -875.0 | -41.0 | 1.0 | NE | .00 | .0 | 09-19-79 | 123.4 | 1.2 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 19.00 | 17.50 | 18.75 | 1.00 | 5.63 | 19.63 | 9.59 | -.08 | -.29 | .24 | -31.91 | 1.13 | .16 Q | 15.8 | 13.0 | 7.3 | 16.0 | .24 | 1.3 | 04-29-83 | 607.6 | 44.1 | .6 | 2.56 | 5.27 | 1281 |
| Webb Del E | WBB | 20.13 | 17.00 | 20.00 | 1.50 | 8.11 | 20.13 | 5.88 | .95 | 3.63 | 3.10 | 22.00 | .16 | -.80 Q | -129.0 | -25.0 | .5 | NE | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 16.50 | 15.25 | 16.50 | 1.50 | 10.00 | 17.50 | 8.00 | -.10 | .39 | -5.70 | .00 | .92 | .92 F | NC | 6.0 | 3.1 | 17.9 | .12 | .7 | 04-11-83 | 28.8 | .9 | 1.3 | 6.97 | 6.29 | 0282 |
| Winners Cp | WNER | 16.00 | 14.88 | 16.00 | 1.00 | 6.67 | 16.00 | 6.94 | .66 | 1.21 | 2.98 | 16.67 | .63 | .07 Q | 12.0 | 8.0 | 2.6 | 24.6 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

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FINANCIAL NEWS

# Chock Full o'Nuts net profit down 27%

NEW YORK—Chock Full o'Nuts, which operates more than 20 low-priced restaurants and is one of the nation's largest coffee producers, posted a 27% decline in net profits to $953,000 for the third quarter ended April 30, compared to the year-ago quarter.

Sales increased 16% to $32.7 million from last year's quarter to this year's quarter.

Nine-month results showed a 27% fall off in net profits to $4 million and an 11% gain to $96.4 million in sales.

The company, which derives 86% of its revenues from its coffee marketing business, said recently that it had sold eight Beef Corral restaurants in the Cleveland area.

## Rax profit rises 53% as turnaround continues

COLUMBUS, Ohio—Rax Restaurants posted a 53% net profit increase to $318,000 in the third quarter ended March 31, compared to the year-ago period, continuing the chain's turnaround.

Revenue at the 225-unit franchised fast-food chain gained 31% to $14.4 million year to year, the company said.

For the nine-month period, Rax reported net profits of $1.3 million, a 414% boost over the $253,000 recorded in 1982. Nine-month revenues increased 32% to $43.8 million from the year before.

Rax began publicly reporting its financial results earlier this year when it raised $4.7 million in an imaginative subordinated debenture offering.

## Esteban's posts $505,670 loss

MINNEAPOLIS—Esteban's Mexican Foods, an 8-unit chain of Mexican dinnerhouses, posted net losses of $505,670 for the year ended Dec. 25, compared to a $30,613 net loss in 1981.

Revenues at the company, which also runs a foodstuffs marketing business that accounts for 19% of sales, increased 31% to $6.9 million from the year before.

Fourth quarter losses were $212,587, compared to $102,805 the year before, on revenues of $2 million, a 63% rise from the prior-year period.

Restaurant sales, despite the opening of the seventh company-operated unit, slipped below 1981 levels.

### EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Pizza Time Theatre | 3 mos. | 3/24 | | | $ 34.8 | 103.0 | $ 0.942 | (40.0) |
| JB Restaurants | 3 mos. | 3/13 | $ 11.6 | 22.0 | | | 0.287 | 76.0 |
| | 6 mos. | | 22.8 | 20.0 | | | 0.673 | 38.0 |
| Marcus Corp. | 3 mos. | | 22.8 | 12.3 | | | 0.755 | 97.0 |
| | 9 mos. | | 76.1 | 5.1 | | | 4.700 | 8.3 |
| Esteban's Mex. Foods. | 3 mos. | 12/25 | | | 2.0 | 63.0 | (0.213) | — |
| | 12 mos. | | | | 6.9 | 31.0 | (0.506) | — |
| Rax Restaurants | 3 mos. | 3/31 | | | 14.4 | 31.0 | 0.318 | 53.0 |
| | 9 mos. | | | | 43.8 | 32.0 | 1.300 | 414.0 |
| Chock Full o'Nuts | 3 mos. | 4/30 | 32.7 | 16.0 | | | 0.953 | (27.0) |
| | 9 mos. | | 96.4 | 11.0 | | | 4.000 | (27.0) |
| Caesars World | 3 mos. | 4/30 | | | 133.8 | 1.7 | (14.300) | — |
| Bob Evans Farms Restaurants | 12 mos. | 4/29 | 104.0 | 14.0 | | | 8.500 | 14.0 |
| | 3 mos. | | 25.5 | 14.0 | | | 2.100 | 36.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

## JB net profit increases 76% in quarter

SALT LAKE CITY—JB Restaurants disclosed net profit for the quarter ended March 13 increased 76% over the same period last year to $287,151.

Revenues for the quarter increased 22% to $11,551,548.

For the first two quarters of this fiscal year, compared to the same period in 1982, net profit rose 38% to $673,157 and sales increased 20% to $22,826,701.

Clark D. Jones, president and chief executive officer, attributed the increased sales to introduction of the fruit bar and breakfast buffets in the Big Boy division and to a remodeling program.

Increased profits, he said, "reflect lower food costs and increased productivity brought about by our renewed emphasis on labor control."

JB's operated 70 restaurants at quarter's end.

### More appearances at Security Analysts

NEW YORK—Appearances by food-service chain executives at the prestigious New York Society of Security Analysts have been relatively rare the past couple of years . . . perhaps five such appearances have taken place each year.

But whatever was keeping the chains away from this group, or whatever was making the group hesitate to invite them, must have suddenly dissipated. Within six days this month, executives of three food-service chains spoke before the group—Carrols Development Corp. (an upstate New York Burger King franchisee), June 9; Seattle-based Sea Galley Stores, June 10, and Dunkin' Donuts June 15.

# Private dining rooms: fine-dining profit centers

**By Ken Frydman**

NEW YORK—Private dining rooms have become heavily trafficked profit centers in fine dining restaurants from coast to coast.

New York, Chicago and southern California fine dining places lead the way in popular private dining rooms. Two of New York's better known are the Four Seasons and the 500-seat Hudson River and Ballroom Suites on the 106th and 107th floors of the World Trade Center's Windows on the World. In Chicago, Ambria and the 95th Restaurant contain busy private dining areas, while in California, the Sardine Factory has popularized the concept with its two private dining rooms.

Spokesmen for the restaurants claim that the private dining rooms have increased overall sales volume and wine and liquor sales in their respective operations.

At Ambria, a 1983 Nation's Restaurant News Fine Dining Hall of Fame winner, co-owner/chef Gabino Sotelino is grossing approximately 5% of total sales volume from his private, 24-seat dining room. "The main advantage of our private dining room is that the customer can have the menu, including the special of the day, selected for him," said Sotelino.

"We've been doing between $2,000 and $3,000 sales volume weekly in the private dining room," said Sotelino, whose restaurant specializes in French, Italian and American nouvelle cuisine. Wine sales account for 30% to 35% of Ambria's private room liquor sales.

**Combined weekly sales for The Sardine Factory's Conservatory (above) and The Wine Cellar go as high as $40,000.**

Chicago's newest private dining room is located in the 95th Restaurant, high atop the John Hancock Building. The glass-enclosed, 40-seat area is divided into two rooms known as Pokal I and Pokal II.

The restaurant offers its private room patrons complimentary hors d'oeuvres, three wines and a five- to six-course dinner between $58 and $73. The rooms were booked for dinner almost every day in May and were reserved 10 of the first 15 days in June.

"The major advantage of our Pokal I and Pokal II rooms is that diners can book a small, private party without paying a room penalty," said Mel Baggs, director of catering for Davre's, the operator of the 95th.

One of California's most popular white tablecloth spots is Ted Balestreri's Sardine Factory in Monterey, a 1981 NRN Fine Dining Hall of Famer. And two of the restaurant's most well-received features are the private Conservatory and downstairs Wine Cellar dining rooms, which together generate half of the restaurant's sales volume.

The two rooms' combined weekly sales volume is estimated at between $35,000 and $40,000. The Sardine Factory seats a total 250 patrons; the Conservatory's maximum seating is 90, while the Wine Cellar can seat 26. Wine sales in the two rooms is estimated at between 55% and 60% of total liquor sales.

The Conservatory is dominated by a huge glass dome, bulb chandelier and a center fountain. Dinner reservations are normally necessary seven nights a week as both rooms are regularly booked well in advance. Conservatory diners order from the standard continental, seafood menu, not a set banquet menu.

The Sardine Factory's Wine Cellar is designed in woodwork fixtures and late 1800 and early 1900 antiques. Private party guests receive the white glove and tails, china and silver treatment from a special staff of waiters and waitresses. The six- to seven-course meal check averages $40, while the room can be reserved for $100 and up.

And then, there is New York City's famed Four Seasons, which also earned NRN Hall of Fame status in 1981. The 500-seat restaurant's five dining rooms alternately serve as reserved rooms for lunch, dinner or cocktail receptions.

"We can accommodate up to 100 patrons for lunch or dinner and 175 for cocktail receptions in our private dining rooms," said restaurant manager Alex von Bidder. We generate 10% of our total sales volume from the private dining rooms."

The Four Seasons has been booked through the end of 1984, at different times, seven days a week. Like the Sardine Factory's Conservatory, the Four Seasons allows private dining room patrons to choose from the standard menus, not a set banquet menu.

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## IN-STORE FEEDERS

***Rebuilding through innovation—Pages 43-49***

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# Restaurant News®

*The Newspaper of the Food Service Industry*

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Norman Brinker (right), who left Pillsbury to become the chairman and ceo of Dallas-based Chili's, with Larry Lavine, Chili's president.

# Brinker departs Pillsbury to take on Chili's challenge

**By Charles Bernstein**

DALLAS—Deciding that life begins at 51, Norman Brinker has voluntarily walked away from a $700,000 annual compensation package, untold benefits and the power and glory of the Pillsbury restaurant empire to return to his origins of being an innovative risk-taking entrepreneur. (See Editor's Corner, Page 6.)

As the new chairman and ceo of the 23-unit Dallas-based Chili's upscale hamburger-Mexican food chain, Brinker faces the challenge of trying to catapult a "hot" concept to national prominence against numerous imitators springing up—Houston-based Spoons for one—and against specialty chains of all types.

"I love the idea of a high-risk challenge," declared Brinker. "Everything is in place at Pillsbury restaurants, so the timing is ideal." He also apparently loves the idea of being set in his home town of Dallas rather than traveling back and forth to BK's Miami headquarters and Pillsbury's Minneapolis headquarters.

He resigned as Pillsbury restaurant group president (Steak & Ale, Bennigan's, Burger King and a portion of the newly acquired Haagen Dazs) and as Burger King and S&A Restaurant Corp. chairman and ceo while continuing as one of Pillsbury's largest stockholders and as a board member.

Brinker brings a winning track record and professional expertise to privately held Chili's, which had prospered under president Larry Lavine, 38, and his brother, treasurer Jack Lavine, 41, but which needed an infusion of extra restaurant savvy to go further.

Ironically, Pillsbury offered $14 million to acquire perhaps half of Chili's last year, and when Chili's spurned the deal Pillsbury went ahead with its

*(Continued on page 90)*

## FAST SEAFOOD AT A GLANCE

| | Long John Silver's | Captain D's | Skippers |
|---|---|---|---|
| Units | 1,296 | 428 | 140 |
| Franchised | 532 | 204 | 20 |
| Company-owned | 764 | 224 | 120 |
| Average Annual Unit Sales | $437,000 | $560,000 | $400,000 |
| Average Check | 2.90 | 2.85 | 3.50 |
| Total Sales | 563.2 million | 239.6 million | 33.0 million |
| Ownership | Jerrico Inc. | Shoney's Inc. | Skipper's Seafood 'N Chowder House Restaurants Inc. |
| Headquarters | Lexington, Ky. | Nashville, Tenn. | Bellevue, Wash. |

Source: *NRN* Research

# *Woolworth signs pact to convert 50 in-store restaurants to BKs*

**By Roman Czajkowsky**

NEW YORK—An agreement finally reached last month to put Burger Kings in a number of Woolworth general merchandise stores is a major coup for BK, which has aggressively sought to widen its institutional market.

For its part Woolworth hopes the conversions will "substantially" increase customer traffic in its department stores. The New York-based company, which in recent years has taken a number of steps to redeploy its assets, has also been moving to revamp its food-service operations, now a hodgepodge of luncheonettes, coffee shops and cafeterias.

Negotiations between the two retailers, earlier reported by *Nation's Restaurant News*, began at least a year ago. But the final pact was not signed until last month in part because of recurrent management changes at both companies, according to a BK official. Under its terms, at least 50 Woolworth food-service units in the United States will be converted over the next five years, with the first two scheduled to open in the New York City area this fall.

The units will be operated by Woolworth, which will pay Burger King the standard franchise fees and royalties—an initial $40,000 per unit, 3½% of sales in royalty and an additional 4% of sales for advertising.

J. Jeffrey Campbell, newly named Burger King chairman and chief executive officer, called the Woolworth agreement "a major victory" in the chain's quest for top urban restaurant sites. "Many of the sites being considered for conversion are in very busy locations we wouldn't be able to get any other way," Campbell said.

Woolworth's Burger Kings will feature standard decor and menu, although most should

*(Continued on page 90)*

# Taubman remaking A & W with new upscale concept

**By Charles Forman**

SHORT HILLS, N.J.—Slapping mugs of frosty root beer into the palms of local politicos, grinning infectiously as he posed for press photographers and clasped the hands of well-wishers, mall developer A. Alfred Taubman last month presided personally over pre-opening ceremonies at A & W Restaurants' third company unit, located in the Short Hills mall here.

Taubman owns A & W. He bought it last year from United Brands, on whose board he sits. And the unit opened here appears to bring him one step further along in a bold and perhaps quixotic attempt to mold a spanking new A & W chain from the remains of a dying organization.

Taubman left no doubt he considers the newest "A & W Great Food Restaurant" close to the prototype of what a contemporary fast-food restaurant should be. "We are what the nation wants and needs," he exclaimed fervently to mall and local officials, company executives and others present here.

Later, in an interview, he again revealed the zeal with which he is attacking what amounts to a recreation A & W.

*(Continued on page 90)*

## LATE NEWSBREAKS

**Collins Foods achieved a 28% net profit increase to $12.4 million for the fiscal year ended April 30. Revenues rose 9% to $325.5 million, compared to last year. Chairman Jim Collins attributed most of the gains in fiscal '83 to performance of the company's 71%-owned Sizzler subsidiary, which reported a 105% net profit gain to $5.76 million for the year. Collins has also disclosed an agreement to buy Gil's Enterprises, a KFC franchisee with 41 stores around Seattle, for an undisclosed amount of Collins stock. The deal will give Collins a total of 232 KFC units.**

**Wienerschnitzel International has converted all 24 of its units in Colorado to its "generic" Hamburger Stand concept, which features plain-wrapped 39¢ burgers. Tests in Los Angeles, Texas and Utah have produced an average 150% gain in unit sales, the company reports.**

# *Fast seafood chains stalking wider share*

**By Donald Frazier**

When Arthur Treacher's disintegrated last year in a flurry of lawsuits, everybody expected segment leader Jerrico to vastly increase its share of the fast seafood business.

But that hasn't happened, for a variety of reasons. Jerrico's 1,300-unit Long John Silver's Seafood Shoppes chain has continued to grow, but its units have experienced flat or declining traffic counts for much of the last 18 months.

Meanwhile, a brace of feisty competitors—Captain D's, as well as regional chains such as Skipper's in the Northwest and McMichael's in the Northeast—are grabbing for their share of the $1.3 billion market, despite the continued dominance of the massive Jerrico chain.

But it may be unreasonable to expect any fast seafood company to gain market share at the expense of another. More than ever before, the chains in this so-called segment are starting to compete directly with the hamburger chains—and the chicken chains, the pizza chains and everybody else—rather than with each other.

"The large companies in this business are starting to realize what the rest of us knew all along," according to a vice president for one smaller Northeastern chain. "There is no such thing as a fast-seafood meal occasion. There are only fast-food meal occasions, and we've got to get out there and fight it out with the McDonald's down the street."

The prospect of stable fish prices over the next year has contributed to this outlook, he said. As hamburger prices continue to climb, the burger chains' price advantage over the seafood operations will continue to diminish.

The result: The fast-seafood segment is starting to get tough on the burger chains.

*(Continued on page 12)*

# Fast seafood segment challenging all comers

(Continued from page 1)

Consider the new Long John Silver's television advertisements, for example. The old ads cast a very broad net by boosting all the basics—quality, service and ambience—which could apply to any restaurant operation.

But the new ones are much more tightly focused. One features a couple spurning a fast-hamburger operation which looks and sounds like a factory and instead choosing Long John Silver's store which is, in contrast, clean and unhurried.

One Jerrico marketing staffer explained the new ads as growing out of the company's perception that the burger chains are vulnerable.

"We did [the ads] that way because our market research tells us there may be a substantial latent 'burger fatigue.' We could exploit that—if we position ourselves right."

Jerrico president Ernest Renaud declined to comment for this article.

Jerrico is not the only company trying to escape the traditional fast-seafood label and seek a broader identity. Skipper's, based in Bellevue, Wash., offers fried chicken, as does Nashville-based Captain D's, which serves hamburgers as well.

These nonseafood items contribute only a small percentage of sales themselves. At Captain D's, for example, fried chicken accounts for only 5% of volume. But the importance of these other items lies in their contribution to seafood sales.

"There's often one person in every large party who doesn't like seafood under any circumstances," explained Douglas Bamford, head of marketing for the 140-unit Skipper's operation. "If we don't have a nonseafood item on the menu for him, he will blackball our store and we won't get any of the business."

Another marketing expert, formerly with Arthur Treacher's, estimated nonseafood items can multiply sales by as much as 350% in some markets.

The failure of any large seafood chain to successfully market a broiled fish product may also indicate that customers think of the seafood chains as one of the fast-food chains and, thus, expect them to serve a fast-food menu, some observers suggest.

"We're not sure it is a viable menu item," Browning reports of broiled fish after a so-far negative test. Skipper's rejected a broiled product proposal last year. Only a few of the smaller operators offer it, and these report limited success.

Long John Silver's test of broiled fish—the most extensive of any fast-seafood chain—has been held indefinitely in 30 units.

Bamford of Skipper's said he believes broiled fish has no place in fast food. "People don't go to a fast-food restaurant for that kind of item, and most kitchens aren't set up to prepare it the right way," he said. One consultant to a number of fast-food companies concurs, claiming broiled fish fails in fast-food units because "It is a seafood dinnerhouse kind of an item, not a fast-seafood item."

Stability in fish prices may also prompt many fast-seafood companies to take on the burger chains. They have been reluctant to do this in the past because cod has cost from 60¢ to $1 a pound more than hamburger in the past, giving the burger chains a strong price advantage.

But the outlook for cod prices over the next year to 18 months is "very favorable," according to stock analyst Michael Culp. Iceland, he said, is "awash" in fish, while Canada has significantly improved the quality of its own product.

Going after the burger chains may bail Jerrico out of a sales slump which lasted much of 1982. The company said real sales declined 2% for comparable units reflecting a 3% price increase for the quarter ended March 31. This follows drops in real unit volumes of 7% for the September 1982 quarter and 5.5% for the next quarter, both compared to the same periods of the previous year.

Jerrico's operations in the grain belt and in oil—about 280 units in all—producing areas have borne the brunt of this downturn. They have suffered, respectively, real sales losses of 3% and 10%, Jerrico said in its quarterly report.

Sales have picked up in the most recent quarter, in most markets by 2%. But stock analysts caution that this modest increase resulted from heavy couponing and promotional activity. Jerrico said it has begun to coupon for the first time during the quarter for its 764 company-operated stores.

Improved efficiency and unit growth, however, have kept these real sales losses per unit from damaging Jerrico's bottom line. The company's net earnings increased 10% over the most recent quarter to $4.5 million, while the operating profits of the company's seafood operations rose 5% to $575,000. During fiscal 1982—a time of declining real sales per unit—revenues increased 12.6% to $427 million, net income nosed upward 5% to $21 million, and 129 new units were built.

But Jerrico's major remaining competitor, Captain D's, actually dropped its prices 2.5% recently, increasing its volumes about 5%, Browning said. Its check average now hovers between $2.85 and $2.90, he said—in striking range of the burger chains.

Despite the stability of Captain D's prices over the last year, the average volumes of the 264 franchised units and the 224 company operations increased just under 10% to $560,000—the highest in the segment.

Further signaling its intention to compete directly with a broad range of restaurant chains, Captain D's is testing a breakfast program in about 22 units. The all-you-can-eat-format and the price $2.49 in most markets—suggest the new meal period is aimed at the coffee shops' end of the market.

But a Captain D's executive reported that the program has hurt other fast-food operations as well. Breakfast traffic declined in the McDonald's stores in the greater Nashville area after the seven Captain D's units there began to serve breakfast.

The program may be rolled out across the chain over the next two years if the various operational questions can be solved and sales goals met.

Browning conceded that his chain's expansion is gradually bringing it into head-to-head competition with Jerrico in some Southeastern markets.

But he pointed out that this situation is so new he can draw no conclusions.

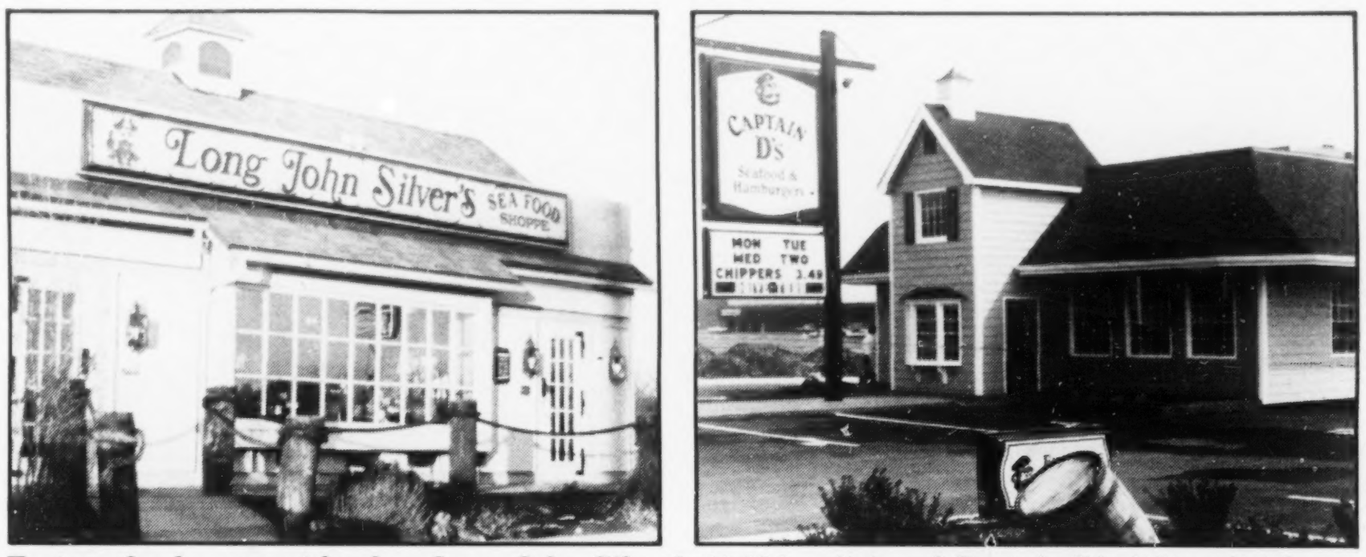
The 140 Skippers' units also felt sales growth over the last year, when the chain's average unit sales grew 8% to $400,000 reflecting only a slight price increase, Bamford said.

Much of this sales increase, he said, came at the expense of the burger chains. His operations face little fast-seafood competition in their market—nine states, mainly in the Far West—while the Skipper's check average of about $3.50 falls only a half dollar above the chains which he considers his principal competitors.

An all-you-can-eat program deserves much of the credit for this performance, Bamford said, pointing out that this idea is unfeasible for a fast-hamburger chain. The Skipper's all-you-can-eat program—fish, fries, clam chowder and coleslaw for $3.79—accounts for 20% of his company's sales.

Meanwhile, the once-strong Arthur Treacher's chain has fallen into complete disrepair in the aftermath of its two-year-long franchisee revolt and the subsequent sale of the company.

The new owners of the Arthur Treacher's name, Lumara Foods of Youngstown, Ohio, had only limited experience in food service before buying the distressed chain. Lumara has continued to operate some units and has maintained some franchises, but much of the system has fallen away. Many franchisees have stayed in the fast-seafood business with their own concepts, such as Gulliver's and McMichael's on the East Coast.




**Fast seafood segment leaders Long John Silver's (1,296 units) and Captain D's (428 units) have positioned themselves to compete with all types of fast food—not just each other.**

# *Jo-Ann's acquisition caps Carrols reshaping*

**By Roman Czajkowsky**

SYRACUSE—Carrols Corp.'s just-completed acquisition of the 148-unit Jo-Ann's Nut House chain culminates several years' efforts to reshape the once diversified company into a strictly food service and retail operator.

A publicly held company that at one time was viewed as suffering an identity problem, Carrols has sold its string of movie theaters and discontinued the microcomputer retail stores with which it briefly dabbled in 1981.

Aside from the all-franchised Jo-Ann's retail chocolate and nut shops, its holdings now include 98 Burger Kings in eight Northeastern states—making Carrols the nation's second largest BK franchisee—and a growing fast-food distribution division.

For the fiscal year ended May 31, revenues were an estimated $83 million, up 20% from the year before, while net income from continuing operations was up 125% to about $3 million.

But while the bulk of the Syracuse-based company's revenues comes from its Burger Kings, Jo-Ann's has been targeted as the primary growth vehicle, company officials disclosed at a New York security analysts meeting last month.

According to Herbert N. Slotnick, Carrols' chairman, the company hopes to double current revenues by the end of 1986, mostly through a "very rapid" Jo-Ann's expansion program throughout the country.

Carrols is also considering opening the first company-operated Jo-Ann's by the end of this year.

Jo-Ann's, for which Carrols paid $6 million in cash, are located primarily in regional shopping malls from Maine west to Iowa and south to Florida and serviced through five distribution centers. In addition, Jo-Ann's manufactures candy for its franchises and other retailers, and owns exclusive rights to the Barricini and Loft labels. An upscale chocolate and nut shop, Chez Chocolat, will also figure in future expansion plans, Slotnick said.

The average Jo-Ann's grosses $160,000 a year, though depending on location and store format—the concept includes small kiosks—sales range from $80,000 to $500,000. Franchisees pay an initial franchise fee of $10,000 per unit and 5% of sales in royalties. Depending on unit size and location, it costs between $40,000 and $90,000 to open one of the shops.

Although the operation has enjoyed a stable franchisee base, the challenge to Carrols will be improving operational "disciplines," which according to Slotnick "just don't exist;" establishing an effective communications link between the far-flung franchisees; and devising a national merchandising strategy.

It remains to be seen whether Carrols' plans for Jo-Ann's bear fruit, although the company's management has gained a reputation for aggressiveness by the way it has run its string of Burger King restaurants.

Now a Burger King franchisee for seven years—many of the restaurants are converted Carrols burger shops—the company has been among the pioneers of Burger King menu development. For example, it now offers salad bars at all of its stores, while Burger King Corp. is just now rolling the concept out systemwide; and already 50 of its restaurants feature breakfast, another menu line which the parent company has been slow to deploy.

Moreover, Carrols' management team, and especially David J. Connor, the company's president, have made little effort to conceal their irritation with what they perceived to be Burger King's previously unaggressive marketing posture, its lack of decisiveness when it came to new menu introductions, and the repeated turnover of top personnel.

Although many of the company's Burger Kings are located in areas of the Northeast that have felt the brunt of the recent recession, average Carrols Burger Kings have sales on a par with BK's systemwide average—about $800,000. For the quarter ended May 31, store sales were up 12%—about 6% in real sales—over the same period a year ago.

But the company's BK expansion program "is not going to be aggressive," Slotnick said, adding that Carrols' BK strategy calls for buying up existing restaurants and locating in major shopping malls. With the acquisition of Jo-Ann's, Carrols clearly prefers to be a national franchisor in its own right than a regional franchisee.

One division which Carrols wants to expand more ambitiously is the food distribution service it began in 1975. Currently serving all of Carrols' Burger Kings as well as 75 other BK restaurants, the division has just started to go after institutional accounts with such items as ground beef, potatoes, produce and some condiments. But while the institutional sector holds good potential, Carrols has "no intention" of becoming a "full-fledged" distributor carrying thousands of items, Slotnick said. Food distribution accounted for about $14 million of the estimated $83 million in sales for the most recent fiscal year.

## Nineteen franchisee associations join to form new national coalition

WASHINGTON—Fast-food franchisee activists have regrouped to form a new national coalition designed to protect the interests of independent franchise owners.

The new organization—a league of some 19 separate franchisee associations from food service and other fields—surfaced late last month from the ashes of the old National Franchise Association Coalition which led the battle for controversial state and Federal restrictions on franchise terminations and nonrenewals during the 1970's.

A primary objective of the original franchisee coalition was to secure Federal legislation limiting the power of chains to terminate or refuse to renew licensing agreements with franchisees. Such a bill has already been reintroduced this session by Rep. Robert Roe (D-N.J.) and a number of state legislatures are likely to consider similar proposals this year.

COMMODITIES

# Overall food prices up; weather seen as cause

**NRN Special Report**

California, a major supplier of fruits and vegetables, is feeling the effects of the disastrous weather earlier this year in a number of crops limited in growth. The Midwest was also affected by storms and low temperatures, with many of its crops, particularly fruits, running up to two weeks behind in maturity, causing worry in some cases about damage from fall storms during harvest.

Lettuce from California fields is up in price, as much as 2½ times over last year. This is the result of storms which delayed plantings earlier this year, particularly in the Salinas Valley, Santa Maria and San Joaquin areas. Prices should eventually even out as late plantings come to maturity, but there will be some uneven swings in price through this month.

Frozen asparagus prices rise this month, advancing at the packer level by 1.5 to 3¢ per pound for food-service packs. Expect canned asparagus price hikes as well. The crop in California, which is the major packing area, was hurt badly by the storms this spring. Many plants were totally destroyed by water standing in the fields.

Canned pea prices are trending up, with some packers in California, Midwest and Middle Atlantic states advancing prices on generally reduced crop prospects. Stock carryover from last year is generally lower than desirable.

One bright spot is the Northwest, which expects good growing conditions generally, although there is always worry about rain on the eastern slopes of the mountains which divide the area. Barring drought, however, prospects are good for peas, green beans and sweet corn. The area is also a packer of carrots, onions and beets and a major producer of dried beans and lentils. If weather holds, farmers are expecting good crops all around.

Overall, the fruit picture is gloomy. Michigan's red cherry crop is expected to be below last year. At presstime, everyone was awaiting the U.S. Department of Agriculture forecast for the crop, but informed sources estimate that it will be up to 30%

*(Continued on page 89)*

## PRICE MOVEMENT AT A GLANCE

| | June 10, 1982 | May 10, 1983 | June 10, 1983 |
|---|---|---|---|
| Asparagus, frozen, cuts & tips, Calif. (lb.) | $ 1.80 | $ 1.20 | $ 1.23 |
| Beef, Choice, 700-900 lb., Midwest (lb.) | $ 1.14 | $ 1.06 | $ 1.04 |
| Broilers, icepack, Grade A, NYC (lb.) | $ 0.5138 | $ 0.4939 | $ 0.5217 |
| Coffee, green bean, Brazilian, NYC (lb.) | $ 1.42 | $ 1.27 | $ 1.28 |
| Eggs, large white, Grade A, Chicago (doz.) | $ 0.5675 | $ 0.705-0.71 | $ 0.685-0.69 |
| Lettuce, iceberg, Calif. (24s) | $ 3.50-4.00 | $ 9.00-10.00 | $ 8.00-10.00 |
| Peaches, cling, Choice HS, Calif. (6/10) | $12.50 | $13.50 | $14.25 |
| Peas, canned, Fancy 4 sieve, Midwest (6/10) | $ 9.75 | $10.75 | $10.80 |
| Pork loins, Choice, 14-17 lb., Midwest (lb.) | $ 1.19 | $ 1.03 | $ 1.01 |
| Potatoes, round white, Maine (50 lb.) | $ 6.00 | $ 3.00 | $ 4.50 |

Source: NRN Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# Marriott Corp. plots rapid move into lower-priced hotel segment

**By Joe Edwards**

BETHESDA, Md.—Marriott Corp. is building five moderately priced "modern country inns" called Courtyard by Marriott that will open in rapid succession in Georgia starting this fall. Three will be in Atlanta and one each in Augusta and Columbus.

This test of a lower-priced concept comes at a time when mid-priced chains such as Holiday Inn, Ramada Inn and Quality Inn are developing upper-end hotels to compete with Marriott, Hilton, Hyatt, and Sheraton.

Courtyard by Marriott properties will have between 125 and 150 rooms each in two-story, motel-like buildings. Room rates will range from $45 to $55 a night. Each hotel will have a small, upscale coffee shop and swimming pool.

Marriott will test the Courtyard concept for about a year and then decide whether to expand it. "We wouldn't be doing this if we couldn't take it national," said a spokesman, Terry Souers, at headquarters here.

A leading lodging and food-service company, Marriott operates more than 120 hotels, resorts and franchised inns with room rates of $60 to $100 and more a night. Most newer Marriotts have been upper-end, high-rise affairs in cities and at airports.

The Courtyard concept represents a low-risk experiment for Marriott, whose hotel sales this year are expected to exceed $1.2 billion. It will cost about $25,000 per room to build the new hotels, compared with about three times that amount or more for a traditional Marriott, depending on location.

Most Marriott hotels trade on the upper-end of the mid-priced segment and appeal to business travelers and groups. Courtyard by Marriott will appeal more to families and individual pleasure travellers.

Marriott officials have been expressing an interest in broadening the scope of the company's hotel group. Its first step toward diversification came last year when construction began on two large downtown convention hotels, the 1,887-room New York Marriott

*(Continued on page 89)*

MAN-IN-THE-NEWS

# Campbell thrust into BK hotseat

**By Roman Czajkowsky**

MIAMI—J. Jeffrey Campbell is known in industry circles as an incisive, energetic and imaginative fast-food executive. The question is whether Campbell, just named chairman and chief executive officer of Burger King Corp., will be able to keep the country's No. 2 fast-food chain on its current fast track now that Norman Brinker has left.

It was Brinker, after all, who was generally credited with coaching the burger chain into its current aggressive stance, which includes the successful comparative advertising campaign that directly took on the chain's main rivals.

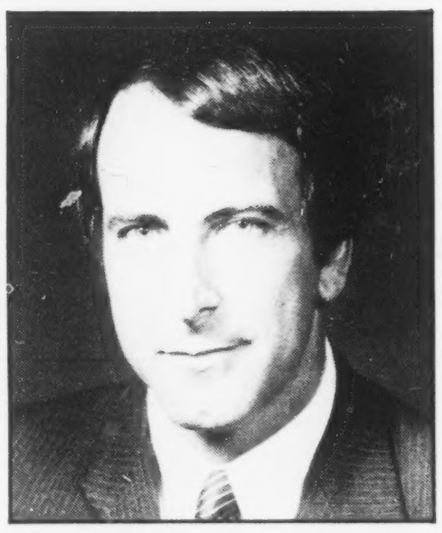
But BK parent Pillsbury, as well as Brinker himself, seem to have been impressed enough with Campbell's performance to have picked him for the chain's top spot.

Campbell's appointment caps a meteoric rise up the corporate ladder rarely seen even in the fast-paced fast-food industry.

A former paratrooper, Campbell, 39, joined Burger King as advertising manager straight from a New York advertising agency where he worked on a BK account. Climbing his way up the ranks, he became marketing manager, then vice president, marketing department.

Eager to learn the operations side of the business, Campbell in 1978 became regional manager in Minneapolis, then was placed in charge of the New York region, where his responsibilities spanned the spectrum of the fast-food business: restaurant operations, personnel management, real estate, engineering, franchise sales and marketing.

*(Continued on page 89)*



Jeffrey Campbell

## Campbell on meteoric rise; Smith, Jenkins promoted

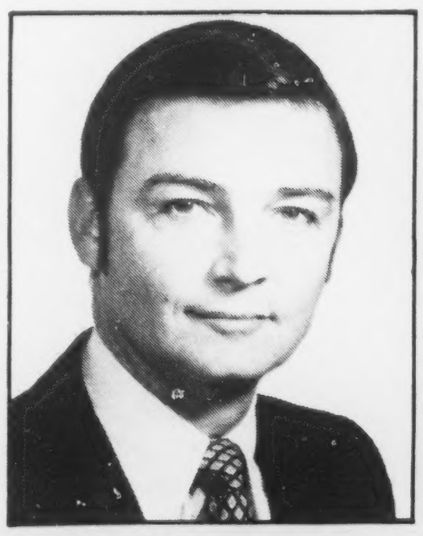
MIAMI—Jeffrey Campbell, a marketing expert who was promoted only two months ago from Burger King-U.S.A. president to worldwide operations president, has been named chairman and chief executive. He succeeds Norman Brinker, who is now Dallas-based Chili's ceo.

Jerry Ruenheck continues as Burger King corporate president and chief operating officer.

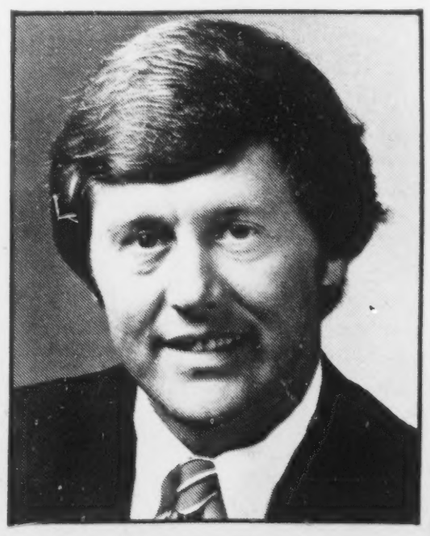
In leapfrogging Campbell over Ruenheck for ceo, Pillsbury is hoping to keep both executives and utilize their talents, although Ruenheck's reaction is uncertain. Most of all, Pillsbury would like to stabilize the Burger King ceo post which since the departure of Donald N. Smith in 1980 has been filled for 1½ years by Lou Neeb, formerly Steak & Ale restaurants president and now president of W. R. Grace's fast-food division (Del Taco), and then for a year by Brinker, who repeatedly emphasized his role of "training and delegating to other executives so they can move up."

In Dallas, Hal Smith moves up from president and chief operating officer of Pillsbury's S&A Restaurant Corp. to succeed Brinker as chairman and ceo. Michael Jenkins goes from Steak & Ale restaurants vice president and general manager to succeed Smith as S&A Corp. president and chief operating officer.

Campbell and Smith both will report to Winston Wallin, Pillsbury corporate president and chief operating officer.



Jerry Ruenheck



Hal W. Smith

# Wendy's lets slip the ads of war with burger battle counterstrike

**By Joe Edwards**

DUBLIN, Ohio—Just when consumers were thinking it was safe to go back to their favorite burger restaurants, Wendy's International revived the "battle of the burgers" with a $20 million TV ad campaign that began June 13.

In a series of six light-hearted spots, Wendy's pokes fun at McDonald's and Burger King, the two largest burger chains, by showing their customers "victimized" by frozen and reheated burgers and long waits for special orders at drive-thru windows and service counters.

Unlike Burger King's recent ads, Wendy's spots do not name names. They concentrate on what Wendy's officials perceive as the competition's weak points and note that Wendy's cooks fresh burgers to order.

Wendy's decision to do some mud-slinging a la Burger King is the latest major offensive in the fast-food burger segment's market share war. The new campaign comes at a time when Wendy's, along with most other fast feeders, is suffering through an extended period of flat real sales growth and declining customer counts.

Some Wendy's franchisees have claimed Burger King's advertising campaign, which made unsubstantiated claims about consumer preferences for Burger King's cooking methods, were at least partially responsible for Wendy's recent troubles.

Officials at Wendy's headquarters here have denied the decision to join the burger battle on Burger King's level was the result of franchisee pressure for a get-tough marketing stance. The new ads merely represent the second phase of the "Wendy's Kind of People" campaign that began last year, says Joseph Mack, senior vice president.

While there has already been some public criticism of the campaign, Wendy's franchisees are apparently delighted. It is "about time," they say, that the parent company fought back by emphasizing Wendy's unique niche as a "quality" fast feeder.

"It's very exciting for us," says Bob Fulmer, marketing director of Wendy's of Wichita, operators of 11 Wendy's in Kansas and four in Amarillo, Tex. "I'm very supportive of this strategy. It's about time."

Fulmer says he likes the tone of the ads: "The humorous approach is a very clever way of going about this. People will remember it and the ads tell the story very clearly." Like some other Wendy's franchisees, Wendy's of Wichita reports unit sales have been down compared with last year but in recent weeks sales have been "pretty

*(Continued on page 89)*

FINANCIAL NEWS

# Vic Station suffers $8.03M net loss for fiscal 1983

LARKSPUR, Calif.—Victoria Station has suffered a net loss of $8.03 million for the fiscal year ended April 3, compared to net earnings of $1.21 million in fiscal 1982. Revenue declined in 1983 to $112.3 million, from $123.9 million the year before.

Net loss in the fourth quarter was $4.95 million, including a net loss from operations of $323,000, and a one-time after-tax charge of $4.63 million—the estimated cost of disposing of certain restaurants. Revenue in the 13-week fourth quarter was $26.3 million vs. $26.8 million during a 12-week closing quarter a year ago. Fiscal 1983 had 53 weeks; there were 52 weeks in fiscal 1982.

**Customer Counts Decline**

Victoria Station treasurer Paul J. Meyer said the 97-unit company was continuing to test various menu modifications in hopes of reversing a drastic decline in customer counts. "We're very hopeful the economy will improve, and that we will experience some of that improvement," Meyer said. He indicated the railroad-themed chain would concentrate on test markets in the Southeast, where broader menu offerings have so far been introduced in about eight restaurants. The new menus would eventually be deployed in other major markets, he said.

Victoria Station is proceeding cautiously in rolling out new menus, "not from financial constraints," Meyer said, but because of efforts to "maintain quality" as it shifts to new concepts.

The menu changes are "not necessarily a de-emphasis of beef, or an emphasis on seafood," Meyer said, but involve a realignment of items to offer a broader appeal with "something for everyone." The company has begun a radio advertising campaign in certain eastern markets, using the theme, "Try the new Victoria Station."

## *Pizza Inn's net profit jumps 114%*

DALLAS—Pizza Inn has reported a 114% increase in net profit to $948,000 for the first quarter ended March 27, compared to the same period last year. Revenue for the period was up 2.3% over last year to $35 million.

Pretax earnings in the first quarter were up 134% to $1.5 million.

Pizza Inn's average restaurant sales increased 11% during the first quarter, president and ceo F. J. Spillman reported. The 745-unit chain continued to realize improved operating efficiencies, particularly in the cost of goods sold as a per cent of revenues, Spillman said.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended June 17 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 7.00 | 5.88 | 5.88 | -.63 | -9.62 | 7.88 | 3.75 | -.18 | -2.69 | -1.03 | 6.83 | .05 | -.09 Q | -42.8 | -29.0 | .3 | 49.0 | .00 | .0 | 01-06-81 | 37.1 | .1 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 37.50 | 33.25 | 36.88 | 1.00 | 2.79 | 37.50 | 15.88 | -.11 | 1.58 | .92 | -14.10 | 2.10 | .40 N | 20.3 | 27.0 | 7.0 | 15.6 | .25 | .7 | 01-26-83 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 54.25 | 51.00 | 54.25 | .25 | .46 | 54.63 | 25.63 | .04 | -.24 | -4.49 | -32.90 | 3.43 | -.30 S | -7.8 | -7.0 | 1.4 | 15.4 | 2.05 | 3.8 | 05-26-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 26.50 | 23.25 | 25.00 | 1.00 | 4.17 | 26.50 | 5.00 | .20 | -1.46 | -1.05 | -23.21 | .58 | -.12 S | -16.6 | -15.0 | 2.2 | 41.7 | .18 | .7 | 05-31-83 | 78.6 | 1.7 | 1.6 | 6.60 | 7.58 | 0982 |
| Beefsteak Char | BCS | 9.25 | 8.13 | 8.38 | -.13 | -1.47 | 9.75 | 4.50 | .18 | -2.90 | .35 | -9.52 | .88 | .17 Q | 26.1 | 38.0 | 3.7 | 10.2 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 33.00 | 28.25 | 32.63 | 3.63 | 12.50 | 33.00 | 14.66 | .67 | .24 | 5.03 | -24.87 | 1.11 | .02 F | 1.8 | 21.0 | 7.5 | 29.4 | .30 | .9 | 05-09-83 | 187.5 | 14.1 | 1.7 | .00 | 5.17 | 0482 |
| Bonanza Intl Inc | BNZA | 5.25 | 4.63 | 5.25 | .50 | 10.53 | 5.25 | 1.50 | .19 | 1.38 | -1.81 | 30.56 | .11 | .17 Q | NC | -81.0 | 3.1 | 30.9 | .00 | .0 | 00-00-00 | 16.1 | .5 | 1.6 | 9.70 | 1.67 | 1282 |
| Brock Hotel Cp | BHC | 10.75 | 9.25 | 9.88 | -.75 | -7.06 | 14.50 | 7.50 | -.27 | -1.24 | -1.62 | 1.56 | .39 | -.31 Q | -52.5 | -4.0 | 2.0 | 35.3 | .10 | 1.0 | 06-13-83 | 259.8 | 5.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 16.50 | 15.00 | 15.00 | -1.50 | -9.09 | 17.25 | 5.34 | .42 | -3.20 | 3.11 | 18.98 | .80 | .06 F | 8.1 | 7.0 | 4.6 | 18.8 | .20 | 1.3 | 04-28-83 | 30.2 | 1.4 | .6 | 1.01 | 1.51 | 0282 |
| Captain Crabs | CRAB | 6.63 | 4.25 | 6.00 | 2.00 | 50.00 | 6.63 | 1.00 | 1.63 | -1.61 | 8.37 | -9.74 | .00 | .00 S | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Develop | CRL | 15.25 | 12.63 | 13.75 | 1.25 | 10.00 | 15.25 | 3.34 | .41 | -2.36 | .49 | -12.97 | .44 | .40 N | 93.0 | 22.0 | 1.9 | 16.6 | .07 | .5 | 02-02-83 | 68.6 | 1.3 | .6 | 6.55 | 4.00 | 0582 |
| Chart House | CHHO | 35.00 | 33.75 | 33.88 | -1.38 | -3.90 | 35.25 | 17.25 | .40 | -1.42 | -4.19 | -49.84 | 2.08 | .05 Q | 2.4 | 13.0 | 4.9 | 16.2 | .60 | 1.8 | 03-17-83 | 382.0 | 18.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 34.88 | 33.38 | 34.13 | .13 | .37 | 35.75 | 8.75 | .63 | -.52 | -6.79 | 2.36 | .55 | .34 N | 82.9 | 26.0 | 11.7 | 45.5 | .00 | .0 | 12-20-82 | 38.6 | 4.5 | 3.0 | 2.18 | 2.26 | 0482 |
| Ch Full O Nut | CHF | 21.75 | 18.25 | 21.38 | .38 | 1.79 | 21.75 | 12.00 | .49 | 2.18 | 6.93 | 44.11 | .34 | .10 N | 25.0 | -8.0 | 1.4 | 42.8 | .40 | 1.9 | 12-09-82 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 29.88 | 25.00 | 29.88 | 2.63 | 9.63 | 29.88 | 16.69 | -.23 | 1.58 | -5.58 | .18 | 2.19 | -.11 Q | -4.7 | 9.0 | 10.1 | 13.5 | .72 | 2.4 | 05-20-83 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 3.75 | 3.63 | 3.63 | -.25 | -6.45 | 4.00 | 2.63 | .36 | -1.73 | -5.11 | 37.27 | .13 | .19 F | NE | NE | 2.1 | 27.9 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 29.63 | 27.38 | 29.13 | .88 | 3.10 | 29.75 | 11.25 | .28 | -.87 | 8.13 | 82.71 | 1.69 | .53 N | 33.3 | 16.0 | 3.2 | 13.7 | .24 | .8 | 03-25-83 | 298.0 | 9.6 | 1.3 | 7.44 | 10.69 | 0482 |
| Consul Corp | CNSL | 18.63 | 17.25 | 18.13 | -.38 | -2.03 | 18.75 | 5.88 | .45 | -.07 | -1.83 | 10.49 | .00 | .16 N | 400.0 | NE | .0 | 90.6 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 41.00 | 33.00 | 33.00 | -5.75 | -14.84 | 41.00 | 9.25 | 1.14 | -4.81 | 3.32 | 35.86 | 1.03 | .32 N | 32.6 | 20.0 | 3.7 | 25.4 | .00 | .0 | 00-00-00 | 35.4 | 1.3 | 1.9 | 5.35 | 6.69 | 0782 |
| Dennys Inc | DEN | 34.63 | 30.75 | 32.13 | -1.88 | -5.51 | 36.88 | 22.38 | -.35 | -1.90 | 4.94 | 13.99 | 2.47 | .26 N | 11.1 | 9.0 | 3.9 | 12.4 | .64 | 2.0 | 06-06-83 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 28.75 | 25.38 | 28.13 | 3.00 | 11.94 | 28.75 | 9.91 | .79 | .28 | -1.54 | -7.25 | 1.40 | .21 S | 16.0 | 18.0 | 9.4 | 18.5 | .24 | .9 | 05-02-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 18.00 | 17.25 | 18.00 | -.25 | -1.37 | 18.50 | 7.94 | -.11 | -.43 | 1.28 | 1.80 | 1.80 | -.27 N | -15.0 | 12.0 | 3.8 | 11.8 | .40 | 2.2 | 06-28-83 | 101.0 | 3.8 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 22.75 | 20.13 | 22.75 | .00 | .00 | 25.50 | 9.63 | -.47 | .56 | -2.19 | -45.75 | .65 | .01 Q | 1.5 | 104.0 | 15.8 | 35.5 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Hambrg Hamlet | HAMB | 11.75 | 10.00 | 11.75 | 1.25 | 11.90 | 11.75 | 5.50 | .01 | -.73 | -.27 | -92.42 | -1.10 | -2.45 F | -181.4 | -22.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.63 | 1.63 | 1.63 | .00 | .00 | 2.00 | .88 | .13 | -.58 | -.27 | 50.00 | -12.59 | -9.67 Q | NE | -94.0 | -89.4 | NE | .00 | .0 | 00-00-00 | 27.4 | -24.5 | .3 | 12.03 | -4.31 | 0982 |
| Hilton Hotels | HLT | 59.00 | 54.88 | 55.50 | -2.00 | -3.48 | 60.25 | 27.63 | -.09 | -.56 | -2.84 | -11.75 | 3.04 | -1.10 Q | -27.9 | .0 | 14.4 | 19.5 | 1.80 | 3.2 | 05-27-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 59.00 | 49.38 | 59.00 | 9.75 | 19.80 | 59.00 | 24.50 | .48 | 1.11 | .45 | -29.53 | 2.50 | -.18 Q | -6.4 | 8.0 | 6.8 | 22.7 | .84 | 1.4 | 06-13-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Holiday Inns A | HIA A | 83.00 | 74.00 | 83.00 | 11.50 | 16.08 | 83.00 | 38.50 | .66 | .33 | 7.02 | -16.67 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 44.00 | 37.50 | 42.88 | 2.13 | 5.21 | 44.00 | 13.06 | .82 | 1.07 | .30 | -3.73 | 1.14 | .37 Q | 40.2 | 39.0 | 2.8 | 33.2 | .00 | .0 | 09-27-82 | 235.4 | 6.6 | 1.7 | 11.45 | 6.30 | 1281 |
| Hungry Tiger | HTIG | 10.25 | 9.25 | 10.25 | .25 | 2.50 | 12.25 | 5.00 | -.12 | 1.65 | 1.63 | 6.76 | .78 | -.07 S | -9.4 | 7.0 | 3.8 | 15.3 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 2.00 | 1.81 | 1.88 | -.06 | -3.23 | 2.06 | 1.50 | .07 | -2.05 | 3.04 | 21.86 | .24 | .00 Q | .0 | -7.0 | 2.0 | 7.8 | .12 | 6.4 | 04-12-83 | 8462.9 | 171.0 | 1.1 | .65 | 2.08 | 1081 |
| Intl Dairy Queen | INDQ | 40.00 | 35.00 | 39.00 | 2.50 | 6.85 | 40.00 | 11.50 | 1.00 | -.82 | 2.02 | -45.64 | 2.17 | .60 Q | 35.5 | 30.0 | 6.3 | 17.0 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 30.00 | 25.00 | 29.63 | 4.75 | 19.10 | 30.00 | 3.00 | .83 | -.38 | 2.63 | -9.86 | .33 | .98 N | 515.7 | 20.0 | 1.4 | 25.3 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 18.00 | 16.63 | 17.75 | .75 | 4.41 | 18.00 | 5.75 | .16 | .65 | -3.82 | 20.64 | .93 | .27 S | 37.5 | 13.0 | 3.5 | 17.9 | .16 | .9 | 05-09-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 22.63 | 21.38 | 22.38 | .25 | 1.13 | 23.50 | 12.69 | .18 | -.28 | -1.16 | -33.47 | 1.40 | -.11 N | -7.5 | 21.0 | 5.1 | 16.7 | .12 | 5 | 05-09-83 | 425.5 | 21.8 | .9 | 2.91 | 8.99 | 0682 |
| Kapok Tr Inns | KTI | 7.63 | 6.75 | 7.63 | .75 | 10.91 | 7.63 | 3.00 | .12 | 1.42 | -1.19 | 8.49 | -.37 | -.17 S | NE | -46.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 17.63 | 15.88 | 15.88 | -1.75 | -9.93 | 24.50 | 10.34 | -.06 | -2.95 | -3.58 | 3.27 | .59 | .26 N | 72.2 | 98.0 | 8.4 | 25.6 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 34.13 | 29.00 | 33.50 | 4.50 | 15.52 | 34.13 | 9.59 | .49 | -.91 | -2.24 | -26.45 | 1.21 | 1.43 N | NC | 17.0 | 3.4 | 23.4 | .00 | .0 | 02-16-83 | 200.6 | 6.9 | 1.9 | 5.15 | 6.67 | 0182 |
| Lubys Cafe | LUB | 33.00 | 29.50 | 32.50 | 2.38 | 7.88 | 33.00 | 20.50 | .07 | 1.63 | -.70 | 2.29 | 1.35 | .18 S | 14.4 | 20.0 | 9.1 | 22.7 | .48 | 1.5 | 06-06-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0882 |
| Marcus Corp | MRCS | 15.00 | 14.00 | 14.50 | -.25 | -1.69 | 15.13 | 6.00 | .95 | -1.55 | -.08 | 58.24 | 1.13 | .06 N | 5.1 | 4.0 | 5.7 | 11.9 | .00 | .0 | 08-24-81 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 78.75 | 71.00 | 78.00 | 6.75 | 9.47 | 78.75 | 32.00 | .14 | .44 | -.29 | 8.18 | 3.44 | .36 Q | 11.8 | 24.0 | 3.7 | 21.7 | .36 | .5 | 06-20-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonalds Cp | MCD | 65.50 | 60.75 | 62.63 | .63 | 1.01 | 74.50 | 45.69 | -.25 | -1.38 | .44 | -8.18 | 5.00 | .65 Q | 14.5 | 17.0 | 10.9 | 12.2 | 1.00 | 1.6 | 05-24-83 | 2769.5 | 300.6 | .5 | 15.35 | 22.73 | 1281 |
| Morrison Inc | MORR | 20.50 | 17.25 | 20.25 | 2.63 | 14.89 | 20.50 | 10.25 | .28 | -.20 | -.16 | -22.59 | 1.16 | .31 N | 29.5 | 9.0 | 4.1 | 14.9 | .40 | 2.0 | 04-11-83 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 10.50 | 9.50 | 10.38 | -.13 | -1.19 | 10.50 | 1.75 | .78 | 1.58 | -1.16 | 32.43 | -.98 | -.42 S | NE | -38.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 2.75 | 2.50 | 2.63 | .00 | .00 | 2.75 | .72 | 1.57 | -.60 | 5.71 | 7.99 | .03 | .80 N | NE | NE | .6 | 26.3 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles | NAUG | 31.75 | 30.50 | 31.25 | .50 | 1.63 | 31.75 | 8.63 | .18 | -.37 | -6.68 | -12.17 | .78 | .88 N | NC | 48.0 | 3.9 | 35.5 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 15.25 | 15.00 | 15.00 | .00 | .00 | 18.50 | 9.00 | -.12 | -.68 | -8.21 | .00 | .69 | -1.12 S | -82.9 | -29.0 | .4 | 65.2 | .32 | 2.1 | 03-14-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 6.88 | 6.25 | 6.50 | .13 | 1.96 | 7.88 | 4.38 | -.47 | .83 | -6.22 | 7.24 | -.25 | -1.94 S | -192.0 | -28.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 11.50 | 10.00 | 11.00 | .25 | 2.33 | 12.00 | 5.50 | .07 | -1.62 | -2.09 | -19.06 | .19 | .20 N | NC | 81.0 | 13.8 | 55.0 | .00 | .0 | 00-00-00 | 5.8 | .8 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 16.75 | 16.25 | 16.38 | -.38 | -2.24 | 18.13 | 13.50 | -.21 | -.62 | 1.13 | 34.53 | 1.39 | -.36 N | -25.0 | 9.0 | 5.9 | 15.2 | .60 | 3.7 | 06-09-83 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 13.38 | 12.38 | 12.50 | -.88 | -6.54 | 14.00 | 4.50 | .14 | -1.71 | -.92 | 16.43 | .61 | .24 Q | 43.6 | 5.0 | 1.3 | 15.8 | .02 | .2 | 04-11-83 | 135.1 | 1.7 | .9 | 13.55 | 7.29 | 1282 |
| Pizza Time Thea | CHKY | 25.25 | 18.50 | 18.50 | -6.50 | -26.00 | 29.75 | 14.25 | -.11 | -8.66 | -2.98 | 23.15 | 1.27 | .33 Q | 40.2 | 29.0 | 7.6 | 16.1 | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 25.13 | 23.25 | 24.63 | 1.50 | 6.49 | 25.25 | 9.59 | .26 | -.44 | -1.33 | 13.95 | 1.50 | .18 F | 13.6 | -6.0 | 2.8 | 16.4 | .33 | 1.3 | 06-08-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 11.63 | 9.63 | 10.88 | 1.13 | 11.54 | 11.63 | 4.25 | .59 | -1.33 | .58 | -7.28 | -.73 | -.69 Q | NE | -44.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 548.3 | -19.8 | .6 | 18.98 | 6.03 | 1281 |
| Restaur Assc | RA | 10.88 | 9.50 | 9.88 | -.50 | -4.82 | 11.38 | 3.25 | -.20 | -.74 | -5.23 | -20.86 | .77 | -.06 Q | -8.2 | 22.0 | 1.8 | 14.7 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 23.75 | 18.00 | 22.75 | 4.50 | 24.66 | 23.75 | 3.09 | .28 | 2.47 | 1.17 | 10.13 | .33 | .36 Q | NC | 68.0 | 10.6 | 63.2 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 36.50 | 32.25 | 32.63 | -1.13 | -3.33 | 36.50 | 12.31 | .32 | -2.05 | .99 | .00 | 1.68 | .49 N | 30.4 | 41.0 | 1.9 | 15.5 | .36 | 1.1 | 06-02-83 | 901.0 | 16.8 | .9 | 4.26 | 8.86 | 0682 |
| Sandwich Chef | SHEF | 15.25 | 14.50 | 15.25 | .75 | 5.17 | 15.50 | 11.50 | -.07 | .65 | 6.07 | 21.72 | .77 | .75 N | NC | 24.0 | 4.7 | 20.3 | .00 | .0 | 00-00-00 | 17.0 | .8 | .6 | .50 | 3.42 | 0682 |
| Sea Galley | SEAG | 13.63 | 11.38 | 12.50 | .25 | 2.04 | 13.63 | 5.50 | 1.63 | -2.17 | 4.46 | -1.13 | .02 | -.91 Q | -135.8 | -33.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 19.50 | 17.25 | 19.50 | 2.25 | 13.04 | 19.50 | 7.03 | .46 | .88 | 1.01 | -52.76 | .74 | -.79 F | -51.6 | 42.0 | 1.5 | 26.4 | .00 | .0 | 07-09-82 | 139.1 | 2.1 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 26.00 | 24.88 | 25.63 | .63 | 2.50 | 27.38 | 12.66 | -.27 | -1.04 | 3.46 | 6.63 | .86 | .18 Q | 24.3 | 19.0 | 5.1 | 27.9 | .15 | .6 | 03-11-83 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Skippers | SKIP | 15.00 | 13.75 | 14.75 | 1.25 | 9.26 | 15.00 | 3.16 | .92 | -.50 | -3.14 | -10.47 | .48 | .27 Q | 67.5 | 14.0 | 2.6 | 22.0 | .08 | .5 | 03-31-83 | 38.1 | 1.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTZ | 16.00 | 16.00 | 16.00 | .00 | .00 | 16.50 | 10.00 | -.06 | -.68 | 3.48 | -50.00 | .28 | .64 Q | NE | -12.0 | .9 | 26.7 | .20 | 1.3 | 06-13-83 | 80.1 | .7 | 1.1 | 26.22 | 9.51 | 1282 |
| So Hospitality | SHOS | 7.50 | 5.00 | 7.50 | 2.50 | 50.00 | 7.50 | 1.38 | .16 | 9.55 | 3.74 | 13.99 | .14 | .21 N | NC | 25.0 | 2.5 | 35.7 | .00 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 8.50 | 8.25 | 8.25 | .38 | 4.76 | 8.50 | 2.63 | 1.11 | -1.26 | 2.03 | -28.34 | .18 | .17 S | 283.3 | 37.0 | 1.4 | 35.9 | .00 | .0 | 05-17-79 | 57.2 | .8 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 13.63 | 10.75 | 13.63 | 2.25 | 19.78 | 13.63 | 5.00 | 1.35 | 2.29 | 4.31 | 4.06 | -2.42 | -2.77 F | -791.4 | -47.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 112.3 | -8.0 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 19.25 | 17.38 | 17.50 | -1.25 | -6.67 | 19.63 | 9.59 | -.15 | -1.96 | -1.72 | 16.99 | 1.13 | .16 Q | 15.8 | 13.0 | 7.3 | 15.0 | .24 | 1.4 | 04-29-83 | 607.6 | 44.1 | .6 | 2.56 | 5.27 | 1281 |
| Webb Del E | WBB | 24.50 | 19.00 | 23.50 | 3.50 | 17.50 | 24.50 | 5.88 | 1.16 | 2.83 | .60 | 1.35 | .16 | -.80 Q | -129.0 | -25.0 | .5 | NE | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 16.75 | 15.50 | 15.50 | -1.00 | -6.06 | 17.50 | 8.00 | .01 | -2.24 | 12.88 | 92.32 | .92 | .92 F | NC | 6.0 | 3.1 | 16.8 | .12 | .8 | 03-11-83 | 28.8 | .9 | 1.3 | 6.97 | 6.29 | 0282 |
| Winners Cp | WNER | 16.13 | 15.63 | 16.13 | .13 | .78 | 16.13 | 6.94 | .52 | -.51 | -5.15 | -24.47 | .63 | .07 Q | 12.0 | 8.0 | 2.6 | 24.8 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# Hamburger Hamlet net down $790,000

BEVERLY HILLS, Calif.—Hamburger Hamlet has reported a net loss of $790,277 for the fiscal year ended March 27. Sales for the year were up 7.5% to $33.98 million. Last year the upscale "gourmet" burger chain posted net earnings of $971,886 on sales of $31.6 million.

Fourth quarter results were not immediately available.

The 22-unit company sustained the loss due to a $1.7 million write-down it took on the closure of two restaurants during the year. Company controller Paul Brockman said the company had turned a $765,859 profit on operations, and took a $163,290 income tax benefit to partly offset the unit closure costs.

One of the shuttered restaurants was the three-year-old Hamlet in Scottsdale, Ariz., the company's largest unit at 13,000 sq. ft. The other was its Portner's dinnerhouse in Atlanta, which replaced an unsuccessful Hamlet unit there last year. "It was Atlanta, not Portner's," Brockman said, explaining the unfruitful change to the more upscale Portner's concept. The original Portner's, which opened in Alexandria, Va., almost two years ago, reportedly grosses about $2 million a year.

"We are not retrenching," Brockman said. "We're still behind the Portner's concept; it's just a matter of finding the right locations." He said other units of both concepts are planned, including a Hamburger Hamlet in New Orleans, due to open in time for next year's World's Fair there.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Carl Karcher Ent. | 3 mos. | 5/20 | $80.7 | 26.0 | | | $3.300 | 36.0 |
| Victoria Station | 3 mos.<br>12 mos. | 4/3 | | | $ 26.3<br>112.3 | (2.0)<br>(0.5) | (4.950)<br>(8.030) | —<br>— |
| Hamburger Hamlet | 12 mos. | 3/27 | 34.0 | 7.5 | | | (0.790) | — |
| Pizza Inn | 3 mos. | 3/27 | | | 35.0 | 2.3 | 0.948 | 114.0 |
| Marcus Corp. | 3 mos.<br>9 mos. | 2/3 | 22.8<br>76.1 | 12.3<br>5.1 | | | 0.755<br>4.700 | 97.0<br>8.3 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Carl Karcher net rises 36% in first qtr.

ANAHEIM, Calif.—Carl Karcher Enterprises has reported a 36% increase in net earnings to $3.3 million for the 16-week first quarter ended May 20, compared to the same period last year. Sales for the period were up 26% over last year to $80.7 million.

"The earnings gain was even more dramatic," said president Donald F. Karcher, "when the year-earlier results are reduced by $339,000 from the gain on sale of seven Taco de Carlos restaurants. On this basis earnings climbed 58%."

Karcher said real growth in sales (excluding price increases) was 6.2% for the quarter on restaurants open 12 months or more, reflecting new product introductions (like its charbroiler chicken sandwich), and continued "strong" operations and marketing.

New stores in the company's 350-unit Carl's Jr., fast-food chain, those open less than 12 months, had average annualized sales of $983,000, which the company said was a substantial increase over the same calculation a year ago.

Karcher officials said profits grew more rapidly than sales primarily because of a 2.1% decline in costs as a percentage of sales. The company reported reductions in all its four cost areas: food, beverage and paper; direct labor and employee benefits; other overhead, and facility costs.

The first-quarter results bore out Karcher's earlier predictions, at a meeting of securities analysts in Los Angeles, that the company would post "a significant increase due to real growth in existing stores, and substantially higher new store averages." The company had recently reported results for fiscal 1983, which yielded net earnings of $9.8 million on sales of $231 million.

At the meeting Karcher also said expansion of the Carl's Jr. concept would continue in the company's traditional California and Nevada markets, with about 35 new units planned for those areas in fiscal 1984. The addition of 12 new units in Arizona was also planned for this year, Karcher said, as well as entry into new markets in the Southwest.

"We are already engaging in site selection and real estate acquisition in Texas in the Austin and San Antonio markets." He characterized the concurrent development in existing territories and new markets as "a rolling expansion."

Karcher said the company, which has never franchised a restaurant, would begin to do so at some point.

## Marcus profit up 97% in quarter

MILWAUKEE—Aided by mild winter weather, The Marcus Corporation's net earnings rose 97% to $755,000 on a 12.3% sales increase to $22.8 million for the 12 weeks ended Feb. 3 compared with the year-earlier period.

For the first 36 weeks of fiscal 1983, earnings rose 8.3% to $4.7 million on a 5.1% increase in sales to $76.1 million compared to fiscal 1982's first three quarters.

The Marcus Corporation operates about 112 restaurants including Big Boy coffee shops, Kentucky Fried Chicken and Roy Rogers fast-food units, and Captain's Steak Joynts dinnerhouses.

The company also owns and operates 86 movie theaters.

## McD raises dividend

OAK BROOK, Ill.—McDonald's board of directors unanimously voted to raise the 1983 annual stockholder dividend to $1 per share.

Due to a typographical error, *Nation's Restaurant News* incorrectly reported June 20 that the board had vetoed the measure.

# Sea Galley pins rebound hopes to new strategy

**By Donald Frazier**

NEW YORK—Sea Galley Stores hopes a new concept, a new operations head and a hugely successful television ad will propel the 46-unit dinnerhouse chain out of a year-long downturn.

Executives of the $70 million company designed this strategy in response to a persistently soft economy in the Pacific Northwest, where its operations are focused, and operational unevenness in a time of rapid growth.

"A need for change was evident," president Steven B. Dowen told a meeting of securities analysts after reviewing the performance of the Mountlake Terrace, Wash.-based company over the last five quarters.

"But we have done what we needed to do," he asserted.

Two of the company's low-volume units have been converted to a new self-serve "gourmet" burger concept. Dubbed "Flakey Jake's" the high-margin restaurants may eventually emerge as a franchise vehicle.

Sea Galley has also hired a top Red Lobster executive, Robert Galentine, as national director of operations.

A former regional vice president for the leading seafood dinnerhouse chain, Galentine is expected to bring needed operational and systems expertise to Sea Galley.

The company counts on a well-received television ad campaign to heighten public awareness of Sea Galley Stores. The upbeat new ads feature strutting chefs who sing "We've Got Crab Legs" while dressed in toques, aprons and . . . crab legs.

In test markets the ads have posted recall rates up to three times those of the nearest competitor. They have won advertising awards and have been nominated for the prestigious Clio award while attracting "a significant number" of first-time customers to the Sea Galley restaurants.

Dowen and his management team have also created a new menu with two goals: raise the check average and give more space to red meat items.

Sea Galley's executive vice president, Dennis Wassman, explained that escalating seafood prices—130% for shellfish during one recent period, for example—made the price hikes necessary; meanwhile, the greater attention paid to red meat recognized the more than 20% of Sea Galley's sales made up by these items.

And it has begun to test a menu with many more broiled and poached seafood items than in the past—a departure from the fried preparations which characterized the systems early years and still prevail in many of its operations.

The menu, which now appears in Sea Galley's Denver unit, is meant to appeal to a younger, more affluent health-conscious clientele. It has an added benefit of reducing table turns from about an hour to about 45 minutes by cutting down on preparation time.

The company suffered a loss of $358,000 during the year ended Dec. 31, while sales mounted 43% to $70 million compared with the previous year.

This performance broke a five-year record of increased earnings for the young company. During 1981, net profit totaled $2.2 million. During 1980 net profit totaled $1.2 million; it almost doubled during the next year, 1981, to more than $2.2 million. Despite high unemployment in the agriculture-based Pacific Northwest markets, most observers expected Sea Galley Stores to post a profitable 1982 even if not improving on its previous record.

But so far this has not happened. Sea Galley lost another $497,000 during the quarter ended March 31, while sales climbed to $21 million from $16 million, for the same period last year.

Dowen and other executives blame these losses on three things: a troubled seafood packing operation, a bankruptcy by another firm and high operational expenses.

The seafood packing and distribution plant, acquired in February, was supposed to save Sea Galley money, improve the quality of seafood served in the restaurants and make money by selling its products to outside concerns—all benefits of any vertical integration.

But the subsidiary, Galley Seafoods, turned in a poor year. One major customer was bought by another food-service company and canceled its orders; many minor ones also cut back orders in the general economic downturn.

The bankruptcy of Tidewater Fish House Enterprises also caused problems for Sea Galley. Tidewater had purchased seven units of the now-defunct Family Fish House chain from Sea Galley, which had acquired it in 1981. Three of the units reverted to Sea Galley.

But the loss of income anticipated from the sale aggravated the company's already-shakey bottom line. In addition, one of the bankrupt company's creditors filed a suit alleging Sea Galley conspired with Tidewater to defraud it of $315,000—a charge the company denies.

But high operational expenses may bear a major share of the burden for Sea Galley's disappointing year.

"The last year was one in which we decided Sea Galley should get back to basics," Dowan said. This, he explained, means Sea Galley will "not sacrifice service and food quality to achieve short-term profits in poor economic times."

"We feel it is easier to regain margins than guests when the upturn comes," he said.

In pursuit of this strategy, Sea Galley has significantly upgraded its human resources department during the last year. The department formalized training programs for both line employees and managers, especially its management trainee program, and instituted a rating system for the entire workforce.

It devised a training concept which provides for a corps of elite employees to travel to each new restaurant when it opens and work alongside the regular staff during the shakedown period. The Opening Training Team concept, it was felt, could help new units establish themselves quickly while helping new workers learn their jobs from the right people on a 1-to-1 basis.

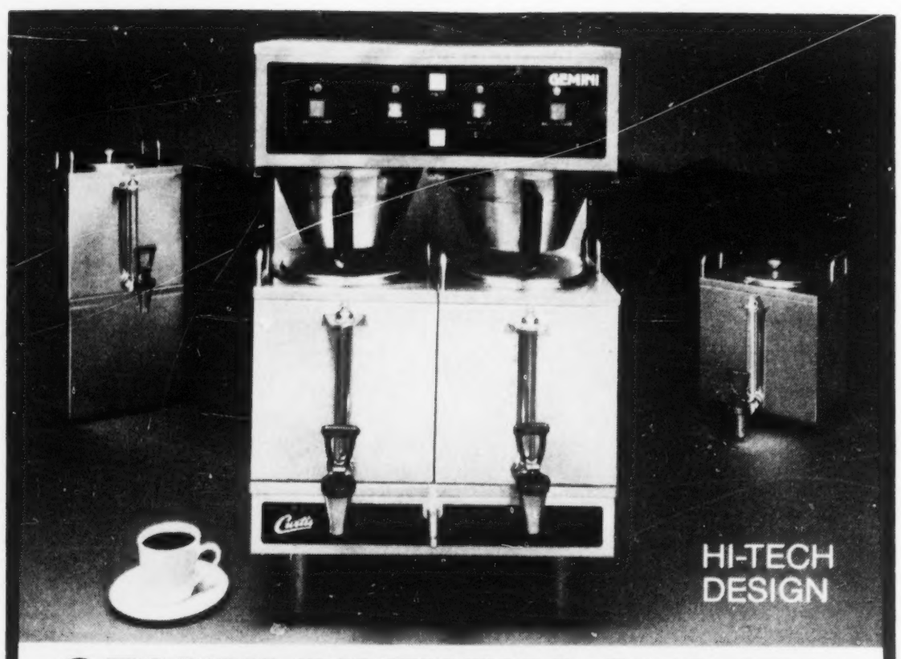
But adding Galentine to the management team was Sea Galley's biggest step toward getting back to operational basics. A 10-year veteran of Red Lobster, he improved profitability for his 42 units 150% and became a nationally recognized operations expert. The other three members of the Sea Galley management team, by contrast, all came to the restaurant business from various financial jobs in other industries.

Sea Galley expects Galentine to install the operational systems typical of a large chain, but which Sea Galley has not needed until recently. At Red Lobster, on the other hand, these systems can be extremely detailed and complex.

Managing Sea Galley's expansion will be another one of Galentine's most important jobs. Although the pace has abated recently, the company has grown very fast over the last few years, nearly doubling its size from 1981 to 1982, when it closed the year with 46 units. Company officials have indicated that this growth rate may have outstripped the company's ability to manage new units effectively.

Galentine will also coordinate Sea Galley's new strategy of clustering units in major markets. Units have previously been scattered across the Far

*(Continued on page 89)*

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INSIDE PROMOTIONS

# MVP contest shows advertising support for promotions down

**By Louis J. Haugh**

It would appear that the nation's restaurants are using less advertising to deliver their promotions, based upon a summary of reported activities of entrants in the 10th annual Most Valuable Promotion contest, this year cosponsored by the National Restaurant Association and Pepsi-Cola Co.

The award winners were disclosed in May at the NRA Show. The MVP promotion award was given to Sea Galley, Mountlake, Washington, for a "We've got Crablegs" advertising theme that grew into fun promotion. Chefs, dressed up with crab leg feet, became celebrities at shopping malls, film festivals and boat shows as a result of the promotion.

One of the chef characters even received a marriage proposal in the spirit of fun generated by the campaign.

Over the past 10 years, entrants in the contest have provided a surprisingly accurate look at promotion activity in restaurants.

In a period of relatively flat sales among restaurants as a category overall, discounts have remained a very popular promotion tactic as operators perceive discounts as stealing volume from the competition. As seen in the accompanying chart, discount activity, while off from the year earlier, still was a staple part of more than one-third of all the entrants' activities.

Sweepstakes as a promotion, particularly game piece events, were noticeably less evident among the entrants. Many of those that had sweepstakes used the tactic only as a corollary event, such as a give away of T-shirts, and were not the main focus of the promotion.

The charity related tie-in promotion slipped dramatically from the year earlier when the grand prize winner was a tie-in with the Special Olympics. Other tie-ins, such as those with manufacturers or licensed characters, dropped in usage as well.

One explanation for the reduced advertising support reported for the promotion in categories such as newspaper, radio and direct mail may be a change in reporting methodology in the contest. It was apparent, however, that promotions received more selective advertising throw weights, particularly among smaller restaurants. For example, in the 100-plus store category almost half of the entrants reported radio, newspaper and TV support for their events. By contrast, only 6% of the promotions among operations with 30 or fewer stores used TV.

Interestingly, promotion activity to support new product introductions was virtually nonexistent for the second year in a row. Generally, it is believed new product intros that use advertising only and fewer new product introductions in general combined to make for few new product promotions.

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In-store materials, such as posters, banners and menus, continue to be prime promotion media for restaurants. It was generally conceded among the judges involved that the graphics of these materials have improved over the last several years.

Among the 100 units-plus entrants, there were some very competitive promotions, including Burger King Corp.'s "Whopper Beat the Big Mac" promotion. Offering the "first ever TV coupon," this promotion reportedly increased sales 60% on average and 100% in some markets. It was a classic pre-emptive promotion that several judges found objectionable because of its highly competitive nature.

The second was equally competitive and has served to put the entire restaurant category on notice that Southland Corp. considers itself a big factor in the fast-food business. In one of two entries from the largest convenience store operation in the world, Southland offered 7-Eleven customers "Freedom of Choice" in fountain soft drinks, such as Coke and Pepsi at prices substantially less than most fast-food operations. And while it did not give specific results, Southland reported volume increases both in fountain soft drinks overall and in colas as a category.

The contest this year was virtually void of game piece promotions, a major promotion tactic of the business and the contest over the last several years. What appears to have supplanted it in popularity and in sales-generating results is the glassware premium offer. This year's entrants offered E.T., Pepsi and Coke glasses.

Average reported sales increases for the glassware promotions was a whopping 27% among the 9% of entrants that used glassware. With these kinds of increases, it's no wonder that restaurants are opting for this kind of promotion. Several years ago, game promotions could expect similar-sized increases, but in recent years results have been much flatter, according to most industry sources.

Of course, soft drink companies such as Pepsi, sponsor of the MVP contest, and Coca-Cola heartily endorse glassware promotions. The current Burger King "Return of the Jedi" glassware even is an example. Restaurants like glassware too because soft drink sales can be most profitable.

Consumers seem to appreciate them, as well. The average household buys more than 24 glasses a year. It's no wonder that glassware promotions are the standard of the category.

## *RESTAURANT PROMOTION ACTIVITY*

**(Percentage of Operators Using Various Media)**

| Media | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|
| Television | 58% | 28% | 17% | 16% |
| Newspaper | 47 | 48 | 45 | 26 |
| Radio | 60 | 54 | 43 | 21 |
| Direct Mail | NR | 13 | 23 | 13 |
| In-Store Materials | 60 | 54 | 62 | 43 |
| Price Discount | 31 | 16 | 45 | 36 |
| Coupon Discount | 18 | 16 | 27 | 20 |
| Premium Self-Liquidator | 24 | 17 | 8 | 10 |
| Free Premium | 16 | 16 | 14 | 16 |
| Sweepstakes | 20 | 30 | 18 | 11 |
| Crew Incentives | NR | NR | 34 | 10 |
| Publicity | NR | 20 | 24 | 14 |
| Charity Tie-In | NR | 13 | 34 | 5 |
| Other Tie-In | NR | 13 | 23 | 13 |
| New Product | NR | 21 | 7 | 4 |

Source: *Most Valuable Promotion* entrants

# Chicago operators land salmon festival

CHICAGO—Twenty-five of Chicago's finest restaurants specialized in salmon last month.

The Alaskan Salmon Festival was the event—a month-long celebration of seafood dinners with salmon.

Chicago's Fine Dining Association sponsored the festival. Association director Edie Tracer said it looked for some food that every restaurant could feature and cook in its own inimitable way.

Since Alaska salmon is in season in June, the association contacted the Alaska Seafood Marketing Institute, which provided brochures and helped pay the costs of advertising.

Some of the dishes offered at various restaurants were: Saumon florentine en chemise (salmon and fresh spinach in a pastry puff, served with champagne sauce), charcoal-grilled salmon steak, and steamed salmon Oriental with ginger.

The participating restaurants were Abacus, Arnie's, The Bakery, Biggs, Blackhawk on Wabash, Blackhawk on Pearson, Chestnut Street Grill, Ciel Bleu, Don Roth's River Plaza, L'Escargot, Golden Ox, House of Hunan, La Strada, Miller's on Kinzie, Morton's, Morton's Marketplace, The Paradise Cafe, Pump Room, The Prince of Wales, Randall's, the Raphael, That Steak Joynt.

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Dennis Riese (left), chief operating officer of the Riese Organization, and William Theisen, Godfather's Pizza Chairman, sign agreement to build first Godfather's units in New York.

## *Theisen, Riese sign pact to build first Godfather's units in N.Y.*

**By Richard Martin and Rurick Telberg**

OMAHA—Just weeks after cinching its invasion of Los Angeles, Godfather's Pizza Inc. is launching an attack that could project it into New York—another previously untapped major market.

The 794-unit pizza chain has signed an agreement with the Riese Organization calling for development of at least 25 Godfather's units in the five New York City boroughs by 1988.

The deal includes options to develop at least 50 units by 1988 in the 14 suburban counties of New York, Connecticut, and New Jersey surrounding the city.

Godfather's recently won Federal court approval closing a deal with Sambo's Restaurants to convert 112 coffee shops in Los Angeles to Godfather's units by 1984.

With development in both New York and Los Angeles, Godfather's approaches the day of cost-effective national television advertising.

The deal gives Riese, now largely confined to Manhattan, a new growth vehicle. The family owned company, also known as National Restaurants Management Co. Inc., operates some 300 food-service outlets in New York ranging from snack stands to full-line dinnerhouses.

The first New York City Godfather's was expected to open in a matter of months in Times Square. Riese has formed a subsidiary, National Pizza of New York Inc., to operate the franchise.

The Riese Organization recently embarked on an expansion course under Dennis Riese, chief operating officer, to branch into the suburbs with nationally franchised chains.

The company has many of New York's best restaurant locations locked up, including 80% of the city's busy rail and bus commuter terminals. Half of its estimated $300 million in annual revenues comes from food service, the other half from its real estate holdings.

Pizza Hut, a 1,300-unit chain owned by Pepsico Inc., has tried but failed to penetrate the quirky New York market, which has a big number of independent, single-unit pizza operators.

Godfather's is the nation's second-largest pizza chain with stores in 42 states. In its latest fiscal year, it netted $6.02 million on revenue of $40.23 million and systemwide sales of about $400 million.

*(Continued on page 70)*

## LATE NEWSBREAKS

Sambo's is considering a plan to convert its 320 Season's restaurants into Coco's and Baxter's, concepts of W. R. Grace's Grace Restaurant Co., Sambo's officials said. The proposed deal with Grace would raise money for Sambo's, operating under Chapter XI, and give Grace an unspecified equity interest.

**Rax Restaurants, an Ohio-based roast beef fast-food chain, and Dallas-based El Chico Mexican dinnerhouses each has decided to go public to help raise expansion capital.**

Denny's Inc. has promoted David Bixler to president of the Denny's restaurant division, Vincent Lambiase to president of Winchell's Donut Houses, and general counsel Roger Mercier and chief financial officer John Radebaugh to corporate senior vice presidents.

**ARA Services, continuing to diversify in service management, has reached agreement to acquire Solon Automated Services for the equivalent of $100 million.**

# 7-Eleven spurts in food service; seeks technology

**By Charles Bernstein**

DALLAS—Southland Corp. is preparing a stepped-up offensive to grab a wider share of fast-food dollars at its over 7,000 United States and Canadian 7-Eleven convenience stores.

Southland, which until now has been reluctant to disclose anything about its fast-food or food-service in-store operations, already indicates its "total fast-food sales" this year should top $1.2 billion (compared with $1.09 billion last year) "if you include soft drinks, coffee and all related takeout items."

Regardless of what criteria are used, 7-Eleven stores are very much in the fast-food derby and are certainly a potential threat to other over $1 billion sales fast-food chains—McDonald's, Burger King, KFC, Wendy's, Hardee's and Pizza Hut.

In fact, 7-Eleven is so intent on growing further in this field that Southland marketing vice president Bruce Krysiak disclosed there is an all-out drive to obtain special packaging and equipment geared to the convenience store fast-food market (dominated by 7-Eleven).

"We've unfortunately seen very little evidence of any major interest by suppliers in exploring technical programs to fit our particular business experience," he declared. "Food service is a part of the evolution of our business, and we certainly have the tonnage and critical mass to justify special programs which would help this program grow."

Actually, 7-Eleven is lucky if it is even averaging $150,000 sales annually per store in its "fast-food" mix compared with an average of almost $1 million for the entire store (food, merchandise and self-service gasoline). Thus there is considerable room for growth in a chain

*(Continued on page 70)*

## Senators, top speakers set for MUFSO

LOS ANGELES—Sen. Paul Laxalt (R-Nev.), chairman of the Senate Appropriations Committee and general chairman of the Republican party, and Sen. Lawrence Pressler, chairman of the Senate Business, Trade & Tourism Committee, will give special addresses to *Nation's Restaurant News'* annual Multi-Unit Food Service Operators (MUFSO) conference at the Century Plaza Hotel Oct. 9-12.

Geared to the theme "Quest for Quality," the conference will also feature keynoters Harold Butler, Denny's founder; James Collins, Collins Foods chairman; Richard Goeglein, Harrah's president; Kenneth Hill, Gilbert/Robinson president; and Richard Mayer, KFC chairman.

Among key panels and workshops planned are food trends, regional chain successes, promotion and merchandising, turnaround strategies, human resources challenges, competition from other retailers, franchising, innovation, consumer media relations, market positioning, interior design and government affairs.

Six 1983 Golden Chain winners have been selected by last year's MUFSO program participants and previous Golden Chain winners. One of these six will be chosen by *NRN* readers to succeed 1982 winner Norman Brinker as MUFSO Man-of-the-Year, an annual award to be presented at the MUFSO banquet Oct. 11: Jim Armstrong, Disney World and Disneyland food administration vice president; Shelley Frank, Chi-Chi's president; Carl Karcher, Carl Karcher Enterprises chairman; Jim Maynard, Golden Corral president; Charles Muer, Muer Corp. president, and Willie Theisen, Godfather's Pizza chairman.

Further details and MUFSO registration information for chains of at least five units can be obtained from Ilene Stargot, *Nation's Restaurant News*, 425 Park Ave., New York, N.Y. 10022, 212-371-9400.

# W. B. Johnson buys Ritz-Carlton rights

**By Joe Edwards**

ATLANTA—W. B. Johnson Properties has signed an agreement to purchase the famed Ritz-Carlton Hotel in Boston and the exclusive rights to the prestigious Ritz-Carlton name in North America from Gerald Blakely Jr. for an undisclosed sum.

William B. Johnson, chairman of the real estate, hotel and restaurant management and development company, says the name of his new Monarch Hotels division will be changed to Ritz-Carlton Hotels. The first Johnson-owned Ritz-Carlton opens in October in Atlanta.

The acquisition's impact on three existing unaffiliated Ritz-Carlton hotels was not immediately known. John B. Coleman & Co. owns and operates the Ritz-Carlton hotels in New York and Washington and Four Seasons, a Canadian lodging company, operates the Ritz-Carlton in Chicago.

Coleman and Four Seasons pay annual fees to Blakeley to use the Ritz-Carlton name but otherwise are not connected to the Boston property. It is possible they would have to become franchisees of W. B. Johnson's Ritz-Carlton hotel division or give up the Ritz-Carlton name, according to a W. B. Johnson Properties spokesman.

There was no immediate reaction from either Coleman or Four Seasons. Coleman was meeting with W. B. Johnson executives as this issue went to press.

For W. B. Johnson, the acquisition solves a name recognition and credibility problem for the chain of upper-end Monarch Hotels it is developing from scratch. All hotels in that chain will be called Ritz-Carlton hotels, according to Colgate Holmes, president of the Monarch Hotels division.

"The Ritz-Carlton acquisition will be a perfect comple-

*(Continued on page 70)*

## SELECTED CAFETERIA CHAINS

| Chain | Fiscal Year Ending | 1981 | 1982 | 1983 |
|---|---|---|---|---|
| **Morrison Inc.** | May | | | |
| Sales | | 242.9 | 273.0† | 295.0† |
| Units | | 147.0 | 151.0 | 161.0 |
| Sales/Unit* | | 1.5 | 1.7 | 1.8 |
| **Duff's Smorgasbords** | Dec. | | | |
| Sales* | | 121.0 | 165.1 | 200.0** |
| Units | | 121.0 | 137.0 | 160.0** |
| Sales/Unit* | | 1.0 | 1.1 | 1.2** |
| **Furr's Cafeterias** | Dec. | | | |
| Sales* | | 132.0 | 159.0 | 186.0** |
| Units | | 83.0 | 98.0 | 118.0** |
| Sales/Unit* | | 1.5 | 1.6 | 1.7** |
| **Luby's Cafeterias** | Aug. | | | |
| Sales* | | 118.8 | 138.7 | 154.0** |
| Units | | 59.0 | 64.0 | 70.0** |
| Sales/Unit* | | 2.2 | 2.3 | 2.4** |
| **Piccadilly Cafeterias** | June | | | |
| Sales* | | 127.2 | 142.6 | 152.6 |
| Units | | 79.0 | 81.0 | 85.0 |
| Sales/Unit* | | 1.5 | 1.8 | 1.8 |
| **Wyatt Cafeterias** | Dec. | | | |
| Sales* | | 137.0 | 150.0 | 168.0** |
| Units | | 102.0 | 104.0 | 109.0** |
| Sales/Unit* | | 1.3† | 1.4 | 1.5** |

Source: Company reports

*In millions **NRN Projection

†NRN Estimate

*Sales/Unit figures are average annual sales for units at least one year old.*

# Morrison fires first salvo in major market share battle

By Rurick Telberg

MOBILE, Ala.—Morrison Inc., the biggest cafeteria chain in the nation, is launching its first chainwide promotional campaign.

Dubbed "Deep-Sea Days," the campaign promotes seafood on Thursdays and Fridays. Executives are calling it the biggest promotional campaign in Morrison's history. It is clearly aimed at Red Lobster, the chain of 363 seafood dinnerhouses based in Orlando, Fla., and owned by General Mills Inc., but not mentioned by name.

Morrison's salvo is one of the first signs that the cafeteria business, long noted for its conservatism, is entering battle for market share.

"All cafeterias have lost market share over the years to specialty restaurants," said Richard McGeoch, marketing senior vice president at the 151-unit Morrison chain. "We're trying to re-establish ourselves as a specialty restaurant."

But the biggest five or six cafeteria chains are not only facing stiffened competition from specialty restaurants like seafood or steak dinnerhouses, but also from fast-food restaurants and, increasingly and most troubling to cafeteria executives, from other cafeteria chains.

**Morrison Inc., the largest cafeteria chain in the nation, is launching "Deep-Sea Day," the biggest promotion in the company's history.**

"You're going to see the whole industry getting more aggressive," McGeoch said.

There are at least three reasons:

- Long confined to the Sunbelt and rural markets, cafeteria chains are increasingly bumping into each other, even at their torpid 10% annual physical growth rates. They are stepping on each other's sales.

"I don't think site selection has been one of the big strengths of this business," said Jim Bennett, chief financial officer at Piccadilly Cafeterias Inc. of Baton Rouge, La.

- But two cafeteria chains are breaking the mold and building rapidly. As a result, new pressure is being added to the mix.

Financed by its parent, retailing giant K mart Inc. of Troy, Mich., Furr's Cafeterias Inc. of Lubbock, Tex., is building about 20 new units a year. Most of that is in uncharted territory in the Great Plains and California, but where Furr's is back-filling, its competitors are wincing.

Duff's Smorgasbords Inc. of Fairfield, Ohio, is also building rapidly, as the only chain which franchises. As a fixed-price, all-you-can-eat operation, it offers cafeteria-goers a real choice.

- Finally, changing consumer tastes have drawn diners away from cafeterias to specialty and fast-food restaurants, which, with their marketing expertise, are siphoning off the best customers and meeting few territorial limits.

That leaves cafeterias with a limited territory and the most tight-fisted customers—blue-collar workers, family budgeters and the geriatric set.

Morrison has led the pack in re-orienting its corporate philosophy from operations to marketing. Last year Morrison let loose ads that took aim at fast food, pitching cafeterias' price and choice of menu.

In taking on Duff's, Morrison has depicted all-you-can-eat concepts as places to "pig out" and stressed quality over quantity.

Duff's was never mentioned by name, but Duff's executives got the message and decided to remain above the fray.

"We're not a cafeteria chain," said Duff's marketing vice president, Clancy Isaac. "We don't cross swords with them."

Now Morrison is taking on Red Lobster and fast feeders Captain D's, which is owned by Shoney's Inc. of Nashville, and Long John Silver's, owned by Jerrico Inc. of Lexington, Ky.

The "Deep-Sea Days" campaign touts Morrison's on Thursdays and Fridays as "the best seafood restaurant in town." No new menu items were concocted, but shrimp and seafood platters are being pushed. One bonus: Seafood yields a higher price-point, bumping up tray averages.

Bennett, at the 81-unit Piccadilly chain, has seen the market share battle first-hand. Traffic counts are running 2.5% below last year's level chainwide, and 15% at a handful of units where competitors have opened nearby. He cited Morrison, Furr's, Luby's of San Antonio, and Wyatt of Dallas.

"It happens occasionally, and customer counts come back after a couple months," he said, "but it's never been this many at one time."

"Most of the areas it's happening," Bennett said, "are in growing markets. You can't expect Morrison and Wyatt are

*(Continued on page 70)*

*Plant closings averted*

# Greyhound Corp. agrees to sell Armour to ConAgra for $166M

PHOENIX—Greyhound Corp. here has reached agreement to sell Armour Food Co. to Omaha-based ConAgra Inc. for about $166 million in cash and stock. Greyhound had reorganized the troubled meat company last year and said recently it would close 13 of 21 meat processing plants in December if a buyer could not be found.

Armour reported net profits of $13.2 million on $2 billion sales last year; Greyhound had a $59.8 million net profit on sales of $4.5 billion in 1982. ConAgra, a large grain merchandiser, distributor of herbicides and pesticides and marketer of frozen foods, had sales of $2.4 billion last year.

Under terms of the agreement between Greyhound and ConAgra, Greyhound receives 3.4 million shares of ConAgra common stock valued at about $94 million, plus cash. Greyhound would become a major stockholder in ConAgra when the deal is completed but is restricted from acquiring any more ConAgra stock.

The sale, according to Greyhound ceo John W. Teets, "satisfies all of our previously determined criteria for the sale of the Armour Food Company, including that the sale be for at least book value."

A few weeks ago, Teets declared that Greyhound had "reached the limit" with Armour because union employee wages are too high for competing in the meatpacking business under current conditions.

Armour is the fourth largest pork processor behind Wilson, United Brands' Morrell division and Swift. Earlier this year, Wilson filed for Chapter XI bankruptcy. Claiming that labor costs were too high, the company slashed an average $4.19 from union workers' $10.69 base wage rate.

# IHOP's sale of Love's pending

By Richard Martin

NORTH HOLLYWOOD, Calif.—IHOP Corp. says it is close to striking a deal to sell its Love's Wood Pit Barbeque chain to a Brea, Calif.-based savings and loan and real estate holding company.

Butterfield Equities Corp., with $84 million in assets, is already a nine-unit Wendy's franchisee through its Butterfield Hospitality Corp. subsidiary. Brian Padberg, president of the hospitality company and a senior vp of the parent corporation, would become president of a new Love's entity.

The deal with IHOP includes 33 of the chain's 39 full-service restaurants and 100% of Love's Enterprises Inc. stock, according to Warren Wimer, an attorney for Butterfield.

Richard K. Herzer, president, chairman and ceo of IHOP, said the remaining six company-operated Love's units not included in the deal would be sold off independently. Neither party to the negotiations would disclose the amount of the proposed cash buy-out.

"We're going to run pancake houses," Herzer said. "Our resources have to be allocated to the blue roof and not the red roof." His reference was to IHOP's 471-unit International HOuse of Pancakes chain and the red-shingled Love's concept.

> 'We're going to run pancake houses. Our resources have to be allocated to the blue roof and not the red roof.'
>
> —Richard K. Herzer
> IHOP Corp.

In May, ownership of IHOP was assumed by Zurich-based SVIDO, a company formed by creditors of IHOP's former parent, Wienerwald Holding AG. SVIDO took over IHOP as part of Wienerwald's Swiss bankruptcy court reorganization.

Thirty of the Love's units Butterfield plans to acquire are in southern California—principally in Los Angeles, Orange and San Diego counties. The other three are in Lakewood, Colo.; Portland, Ore., and Phoenix. Nine of the restaurants are company stores; 24 are franchised. Attorney Wimer said the same ratio would be maintained as the chain is expanded.

"Nothing much has changed with Love's in the last 10 years," Wimer said. "We really want to build on the concept and get it moving." He indicated Butterfield would focus initially on further development of southern California markets, and would probably build or convert two new prototype stores to bring the concept "up to date."

# Hotel chain execs forecast strong industry turnaround

By Joe Edwards

NEW YORK—Executives of leading hotel chains presented surprisingly bullish views of their industry at last month's Hospitality Industry Investment Conference, claiming that business would pick up this summer and that occupancies would rise steadily in months to come.

While admitting business has been mostly soft and that saturation is a problem in some markets, particularly Houston and Dallas, the executives expressed optimism about the immediate future and faith in all hotel segments.

"We've been through the worst economic period since the Depression and yet Hyatt reports a rise in occupancy, Marriott is down just a little and Ramada's occupancy is flat," said Gary Wilson, Marriott's chief financial officer. "In the next couple of years, we'll see a dramatic rise in occupancy rates."

Despite a lot of movement by chains from one segment to another, most executives said their companies had faith in the segments in which they traditionally have done business.

"Holiday Inns will continue to be what it is today," declared Robert Milburn, senior vice president of the world's largest hotel chain. "We continue to believe in the broad middle market."

*(Continued on page 5)*

# 7-Eleven stepping-up fast-food offensive

(Continued from page 1)
predicated on obtaining the highest traffic sites available at reasonable rents for 24-hour operation.

"We probably have at least 15 or 20 different food-service concepts that we're testing out there," said Krysiak. "We'll go national eventually with the ones that prove themselves."

Krysiak and other Southland executives are concerned that "perhaps we're in a secondary position on food service because the suppliers haven't developed feasible equipment packages rather than our current microwaves."

With limited supervision of no more than one or two employees in each store (a manager and perhaps an assistant), 7-Eleven is greatly dependent on customers' utilizing the store microwave to heat items according to a set of instructions. This well may not be the most streamlined approach to the challenge.

Southland is utilizing its four commissary-distribution centers—in Tyler, Tex.; Fredericksburg, Va.; Orlando, Fla., and Champagne, Ill.—and a commissary in Salt Lake City to prepare and distribute most of its fast-food products.

Krysiak said the average transaction in a 7-Eleven store is $2.30 but that there is no way of telling the food-service average or even the items and prices in individual stores "because it varies so greatly from one place to another."

However, a typical 7-Eleven store near headquarters here offers a bellwether mix of a Big Un "freedom special" hamburger promotionally priced at $1.19; egg hamlette, sausage and egg with cheese, smoked ham, chicken salad, pimiento cheese, tuna salad, and ham and swiss on rye sandwiches each priced at $1.09; French bread pizza at $1.49; ham and cheese pizza; a beef and bean burrito and a Jalapeno burger, each $1.09; a red hot beef burrito at 59¢; a beef and bean red chili bun at 59¢; "heat and eat" microwave (a label appropriate for many of the items) pizza at $1.25; party pizza pepperoni and hamburger party pizza, each $1.89, chicken pie at $1.69, pecan pie at 69¢, and a corn dog at 59¢.

In addition, in the same take-out "food-service" section, 7-Eleven stocks popcorn at 69¢; ranch steaks at $4.99, and spaghetti and meat sauce at $2.49. It also has a number of offerings in 7½-oz. metal cans that can be heated and then eaten in bowls. These include spaghetti and meat balls, chicken noodle soup, beef stew, scalloped potatoes, and chili.

Fresh coffee (caffeinated and decaffeinated) and Slurpees at 29¢, 39¢ and 49¢ are very much a part of the mix too.

Significantly, 7-Eleven has emphasized promotionally that its "Big Gulp" beats any McDonald's drink and that it is the only place offering "a free choice" between either Coca-Cola or Pepsi-Cola.

Whether one calls it "food service," "fast food," or just plain 7-Eleven, it's clear that Southland is wielding a sharp price/value clout in the fast food and takeout race. It is equally clear that, for whatever reason, it is being held back from a huge potential by difficulties in developing the equipment to take it beyond prepackaged sandwiches and six-button microwave ovens.

# *W. B. Johnson Properties buys Boston Ritz-Carlton*

(Continued from page 1)
ment to our plans and philosophy," says Holmes, former president of Hyatt International, who was recruited eight months ago by William B. Johnson to direct the new Monarch chain.

Johnson says the purchase of the Ritz-Carlton hotel and name "with its traditions and reputation for excellence will instantly communicate the degree of quality each of our hotels will offer."

Blakeley says "new life and vitality" will be given to the Ritz-Carlton tradition by the acquisition.

W. B. Johnson properties develops and manages office buildings and shopping centers, manages 11 franchised Holiday Inns, five franchised Marriott Hotels and operates 63 Waffle House coffee shops in the South. The Holiday Inns and Marriotts are part of Johnson's J. P. Hotels division.

W. B. Johnson's first Ritz-Carlton Hotel will open in October across from Lenox Square, a shopping center and office building in Buckhead, a well-to-do Atlanta suburb. A second Ritz-Carlton is under construction in downtown Atlanta and will open in December or January, followed by the opening next spring of the Ritz-Carlton in Laguna Beach. The Laguna Beach property will be the first resort-hotel bearing the Ritz-Carlton name.

**W. B. Johnson's first Ritz-Carlton hotel will open in October in Buckhead, a well-to-do Atlanta suburb.**

# Riese Org., Godfather's pen N.Y. deal

(Continued from page 1)
In Los Angeles, Godfather's signed a deal with Sambo's that would eventually make the coffee shop chain Godfather's biggest franchisee. Sambo's is involved in Chapter XI Federal bankruptcy proceedings.

Sixty of the conversions are due to be completed by the end of the year. Godfather's is financing the Sambo's makeovers with a $15-million advance on a secured revolving credit line.

The fast-moving pizza chain also recently signed a definitive agreement with Pizza Ventures Inc. of Wayzata, Minn., under which Godfather's would acquire the company for 1.5 million shares of stock in a tax-free transaction.

With 118 units in eight states and franchise rights to three Canadian provinces, Pizza Ventures is Godfather's biggest current franchisee. After the transaction, Godfather's would operate 174 units, or 22%, of the chain's restaurants.

# Scott's Seafood deep-sixes English theme

(Continued from page 2)
least 200 lunches a day, instead of only 1½ turns of its former 100-seat capacity. Even more advantageous was the fact that daytime seating expansion came about "at almost no additional cost," Paradis said.

The Carriage House realignment coincided with the company's move to pump up its seafood supply capabilities. Independent Restaurants had been making bulk purchases of frozen shellfish through its subsidiary, Bertram's Produce Co. That operation has been merged with a Marin County fresh fish company, Sonoma Coast Seafoods, to form Seafood Masters Inc.

The Scott's units no longer have to depend on intermediary brokers for their fresh fish supplies. Instead, Seafood Masters buys direct off the boats working the waters north of the Golden Gate, and processes the catch in its 5,600-sq.-ft. leased facility in Marin. "This gives us total control over freshness in the restaurants," Paradis said.

Not only that, but the new operation is selling fresh and frozen product to scores of other operators in the Bay Area, southern California and Texas, and has even shipped orders of salmon to East Coast customers. In the six months since the merger, seafood sales have increased more than fivefold to about $220,000 a month. While most of the sales are to Scott's units, about 40% are to outsiders.

Based on the company's newfound wholesaling clout, Paradis is moving Scott's accounting office to Marin, where it will share space with Seafood Masters. The company's corporate headquarters will remain in San Francisco.

Paradis was Independent Restaurants' treasurer for four years, prior to his recent promotion to executive vp.

# El Chico's stock offering raises $14M

**By Rurick Telberg**

DALLAS—El Chico Corp., the 86-unit Mexican restaurant chain which its founders recently repurchased from a conglomerate, has gone public, raising $14 million.

The proceeds of the one-million share common stock offering will be used to repay $12 million executives owe in long-term bank debt incurred last November when they bought the company from Campbell Taggert Inc., the food-making conglomerate which acquired the chain in 1977.

The stock issue, which puts about 40% of the company into public hands, clears the decks for El Chico to begin franchise development again.

In recent years the company has been trying to move out of a hazy area between fast-food and dinnerhouses to become a full-service and full-amenity dinnerhouse on a par with Chi-Chi's, the 100-unit segment leader.

Actually, the stock issue is an encore performance for the company. Gilbert Cuellar Sr., now the 71-year-old chairman, opened the first El Chico in 1940, taking it public in 1968.

When Anheuser-Busch acquired Campbell Taggert last August, the brewer was forced to divest iself of the restaurant chain due to liquor laws.

The Cuellar family, including 29-year-old president Gilbert Cuellar Jr., remained as managers under Campbell Taggert. But the company missed the opening gun in the Mexican dinnerhouse race. Now it's playing catch-up, but from a strong base.

El Chico operates full-service, family-style restaurants with a "Tex-Mex" menu. Ten of the 86 units are franchised. The company also operates two Cactus Restaurant and Bar operations and one Casa Rosa Restaurante, both new concepts.

The menu, which features more beef than, for example, Chi-Chi's Sonoron-styled food, ranges in price from $3.50 to $8.95, yielding a per-person check of about $5.45, including drinks, which account for about 14% of sales. One of El Chico's big challenges, if they decide to take it, may be raising the liquor sales.

The units, in Mexican architecture and decor, are generally located in Texas suburbs, seating from 138 to 370 diners.

Of the 76 company-owned units, 33 are freestanding, 10 are in strip centers and 33 are in malls. The units do an average of about $800,000 per year in sales, according to outside estimates.

In the 12 weeks ended March 18, El Chico's second-quarter, net profits jumped ninefold from the year-ago period to $566,000 on a 19% revenue jump to $14.9 million.

For the fiscal year ended December, El Chico posted a 30% net profit gain to $1.3 million on a 13% revenue advance to $61.4 million, compared to fiscal 1981.

The overall number of El Chico restaurants declined from 90 units in 1980, but the company's financial results have been improving because, executives say, under-performing units were closed and volume increased at other stores.

An ambitious remodeling program continues to make over stores. This year, the company expects to remodel 11 restaurants at a total cost of $1 million.

# John Brown recovering, former KFC owner

LEXINGTON, Ky.—Gov. John Y. Brown, completing a single four-year term as Kentucky governor, was reported recovering at presstime from triple bypass heart surgery designed to replace blocked arteries.

Brown, 49, former owner of KFC and then of Lums, had been considering various political and business options before being stricken. Limited to one term as governor by Kentucky law, he had just led an intense Democratic national fund-raising phonathon and had been mulling a possible darkhorse entry in the already crowded field for the 1984 Democratic presidential nomination.

His physical ailment and purported questionable financial dealings asserted in the national press have dimmed his future political chances. Brown vehemently denied any financial wrongdoing, and sources close to him maintained that he was the victim of "a vicious defamation campaign by certain sources trying to destory his reputation."

# *Morrison fires first salvo in major market share war*

(Continued from page 3)
going to leave you alone."

Some executives are not as worried. John Lahourcade, president of the 70-unit Luby's chain, said, "Competition crops up occasionally, but after a few months we get our customers back."

Luby's is currently preoccupied in its Texas market with the peso devaluation which has hurt Mexican border stores and a recession which finally found its way to the Lone Star state.

While Morrison has acquired a specialty restaurant chain, Ruby Tuesday, to limit its exposure in cafeterias, Furr's is concentrating its growth in areas where the cafeteria concept is relatively new.

Said Furr's chairman, Don Furr, recently: "Present projections will make us the world's largest cafeteria chain by the end of this decade."

Competitors are hoping it won't be at their expense. While they aren't in danger of becoming unprofitable, they don't need the added trouble.

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FINANCIAL NEWS

# Acapulco Los Arcos cuts losses

PASADENA, Calif.—Acapulco y Los Arcos Restaurantes has reported a net loss of $197,000 for the second quarter ended May 1, compared to a net loss of $318,000 for the same period last year. Sales for the 31-unit chain were up 2.8% in the quarter to $9.55 million vs. last year's second quarter.

Net losses for the first six months of 1983 totaled $467,000, compared to net losses of $767,000 for the first half of last year. Sales were up 1.2% to $17.9 million for the same period.

While losses after tax provisions show an improvement for the comparative periods, operating losses before taxes increased by $303,000 for the second quarter of 1983, and by $38,000 for the six-month period, compared to the like periods in 1982.

The decreases in the net losses reported as compared to the prior year are entirely attributable to an increase in the company's estimated annual tax rate from 14% in 1982 to 50% in 1983, reported Leonard Ronan, vice president and chief financial officer.

The company said substantial marketing expenditures in the second quarter had resulted in increased customer counts and sales during promotional periods.

Penetration of Midwest markets has reportedly been unsuccessful, and the company is currently planning undisclosed changes to its concept in those areas to improve local customer appeal. The company hopes the so far disappointing results in the Midwest may be partially counteracted by new units under development in Portland, Ore., Azusa and Santa Fe Springs, Calif.

# Beefsteak Charlie's net down 47% in qtr.

NEW YORK—Beefsteak Charlie's Inc., operator of 67 steakhouses, reported a 47% decline in second-quarter net profit to $988,000 for the period ended May 14, compared to the year-ago period.

Second-quarter revenues slipped 4% to $30.6 million.

For the first six-months, the company showed a 53% net profit decline, to $1.3 million, on $52.5 million in revenue, less than a 1% decline from last year.

The company said that its sale of the Cattleman restaurant undercut its financial results in the second quarter. It also said food costs were higher than normal in the first quarter.

The company owns, operates and franchises a chain of dinnerhouses along the Eastern Seaboard and recently opened two franchised Show Biz pizza-and-games units in New Jersey.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended July 1 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| | | | | | Change | | 52-Week | | | | | | Last Fiscal Year | | | | | | | | | | | | | | |
| Name | Symbol | High | Low | Close | Amt. | Pct. | High | Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 6.38 | 5.50 | 6.38 | .50 | 8.51 | 7.88 | 3.75 | -.49 | .48 | .12 | 42.15 | .05 | .21 S | NE | -25.0 | .3 | 37.5 | .00 | .0 | 01-06-81 | 37.1 | .1 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 38.50 | 35.63 | 37.00 | .13 | .34 | 38.50 | 15.88 | .05 | -.82 | -1.40 | 18.90 | 2.10 | .40 N | 20.3 | 27.0 | 7.0 | 15.6 | .25 | .7 | 08-10-83 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 55.00 | 48.13 | 51.50 | -2.75 | -5.07 | 55.00 | 26.00 | -.25 | -.22 | -1.74 | 28.45 | 3.43 | -.30 S | -7.8 | -7.0 | 1.4 | 14.6 | 2.05 | 4.0 | 05-26-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 25.25 | 23.00 | 24.75 | -.25 | -1.00 | 26.50 | 5.00 | -.13 | 1.30 | .57 | 14.10 | .58 | -.12 S | -16.6 | -15.0 | 2.2 | 41.3 | .18 | .7 | 05-31-83 | 78.6 | 1.7 | 1.6 | 6.60 | 7.58 | 0982 |
| Beefsteak Char | BCS | 8.50 | 7.00 | 7.75 | -.63 | -7.46 | 9.75 | 4.50 | -.49 | .22 | .03 | -25.87 | .88 | .04 S | 5.7 | 34.0 | 3.7 | 10.6 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 32.75 | 29.25 | 30.50 | -2.13 | -6.51 | 33.00 | 14.66 | .57 | -1.78 | -1.55 | -.44 | 1.11 | .02 F | 1.8 | 21.0 | 7.5 | 27.5 | .30 | 1.0 | 05-09-83 | 187.5 | 14.1 | 1.7 | .00 | 5.17 | 0482 |
| Bonanza Intl Inc | BNZA | 6.88 | 5.38 | 5.88 | .63 | 11.90 | 6.88 | 1.50 | .89 | .46 | 6.92 | -8.14 | .11 | .17 Q | NC | -81.0 | 3.1 | 34.6 | .00 | .0 | 00-00-00 | 16.1 | .5 | 1.6 | 9.70 | 1.67 | 1282 |
| Brock Hotel Cp | BHC | 10.00 | 8.63 | 9.13 | -.75 | -7.59 | 14.50 | 7.50 | -.76 | .65 | -1.09 | -23.98 | .39 | -.31 Q | -52.5 | -4.0 | 2.0 | 32.6 | .10 | 1.1 | 06-13-83 | 259.8 | 5.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 16.75 | 15.50 | 15.75 | .75 | 5.00 | 17.25 | 5.50 | .18 | -.90 | .95 | -50.33 | .80 | .06 F | 8.1 | 7.0 | 4.6 | 19.7 | .20 | 1.3 | 04-28-83 | 30.2 | 1.4 | .6 | 1.01 | 1.51 | 0282 |
| Captain Crabs | CRAB | 6.63 | 5.88 | 5.88 | -.13 | -2.08 | 6.63 | 1.00 | 1.81 | -2.04 | 3.81 | -44.72 | .00 | .00 S | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Develop | CRL | 14.63 | 12.25 | 12.88 | -.88 | -6.36 | 15.25 | 3.34 | -.12 | -.73 | -1.36 | -11.13 | .44 | .40 N | 93.0 | 22.0 | 1.9 | 15.5 | .07 | .5 | 02-02-83 | 68.6 | 1.3 | .6 | 6.55 | 4.00 | 0582 |
| Chart House | CHHO | 36.50 | 32.75 | 35.75 | 1.88 | 5.54 | 36.50 | 17.25 | -.03 | .59 | -1.47 | .91 | 2.08 | .05 Q | 2.4 | 13.0 | 4.9 | 17.1 | .60 | 1.7 | 06-24-83 | 382.0 | 18.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 34.75 | 29.25 | 34.75 | .63 | 1.83 | 35.75 | 8.75 | -.16 | .44 | 3.74 | 48.67 | .55 | .34 N | 82.9 | 26.0 | 11.7 | 46.3 | .00 | .0 | 12-20-82 | 38.6 | 4.5 | 3.0 | 2.18 | 2.26 | 0482 |
| Ch Full O Nut | CHF | 21.50 | 19.25 | 21.13 | -.25 | -1.17 | 21.75 | 12.50 | .18 | 1.96 | 1.43 | 53.49 | .34 | .10 N | 25.0 | -8.0 | 1.4 | 42.3 | .40 | 1.9 | 12-09-82 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 29.88 | 27.88 | 28.00 | -1.88 | -6.28 | 29.88 | 16.75 | .11 | -1.16 | .38 | 35.99 | 2.19 | -.11 Q | -4.7 | 9.0 | 10.1 | 12.7 | .72 | 2.6 | 05-20-83 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 3.88 | 3.50 | 3.63 | .00 | .00 | 4.00 | 2.75 | -.24 | -.18 | -2.10 | 2.50 | .13 | .19 F | NE | NE | 2.1 | 27.9 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 19.44 | 18.00 | 18.13 | -1.31 | -6.75 | 19.84 | 7.50 | -.32 | -1.15 | 1.13 | 8.57 | 1.47 | .35 F | 31.2 | 16.0 | 3.8 | 12.3 | .20 | 1.1 | 07-01-83 | 325.5 | 12.4 | 1.3 | 4.96 | 7.13 | 0482 |
| Consul Corp | CNSL | 18.13 | 15.38 | 17.38 | -.75 | -4.14 | 18.75 | 5.88 | -.37 | .63 | -.37 | 14.96 | .00 | .16 N | 400.0 | NE | .0 | 86.9 | .00 | .0 | 00-00-00 | 17.6 | .0 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 25.25 | 21.69 | 25.25 | 3.25 | 14.77 | 27.34 | 6.16 | .21 | .26 | 4.67 | -28.85 | .69 | .21 N | 31.8 | 20.0 | 3.7 | 29.0 | .13 | .5 | 07-01-83 | 35.4 | 1.3 | 1.9 | 3.57 | 4.46 | 0782 |
| Dennys Inc | DEN | 34.38 | 32.13 | 33.50 | 1.38 | 4.28 | 36.88 | 22.38 | -.24 | .32 | 1.29 | -22.96 | 2.47 | .26 N | 11.1 | 9.0 | 3.9 | 12.9 | .64 | 1.9 | 06-06-83 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 27.13 | 24.50 | 25.00 | -3.13 | -11.11 | 28.75 | 9.91 | .11 | -1.19 | .95 | -13.22 | 1.40 | .21 S | 16.0 | 18.0 | 9.4 | 16.4 | .28 | 1.1 | 08-15-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 20.00 | 17.13 | 20.00 | 2.00 | 11.11 | 20.00 | 7.94 | -.15 | 3.49 | 3.96 | 27.53 | 1.80 | -.27 N | -15.0 | 12.0 | 3.8 | 13.2 | .40 | 2.0 | 06-28-83 | 101.0 | 3.8 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 22.38 | 20.38 | 21.00 | -1.75 | -7.69 | 25.50 | 9.63 | -.59 | -.16 | -2.65 | -9.33 | .65 | .01 Q | 1.5 | 104.0 | 15.8 | 32.8 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Hambrg Hamlet | HAMB | 12.00 | 11.75 | 12.00 | .25 | 2.13 | 12.00 | 5.50 | .48 | -.19 | 1.33 | 15.00 | -1.10 | -2.45 F | -181.4 | -22.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.50 | 1.38 | 1.38 | -.25 | -15.38 | 2.00 | .88 | -.63 | -2.91 | -3.67 | 50.00 | -12.59 | -9.67 Q | NE | -94.0 | -89.4 | NE | .00 | .0 | 00-00-00 | 27.4 | -24.5 | .3 | 12.03 | -4.31 | 0982 |
| Hilton Hotels | HLT | 59.00 | 54.63 | 58.50 | 3.00 | 5.41 | 60.25 | 27.63 | -.17 | .03 | .65 | -4.19 | 3.04 | -1.10 Q | -27.9 | .0 | 14.4 | 20.6 | 1.80 | 3.1 | 05-27-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 58.75 | 54.13 | 57.00 | -2.00 | -3.39 | 59.00 | 24.50 | .56 | .54 | -1.60 | 4.47 | 2.50 | -.18 Q | -6.4 | 8.0 | 6.8 | 21.9 | .84 | 1.5 | 06-13-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Holiday Inns A | HIA A | 84.00 | 83.50 | 83.50 | .50 | .60 | 84.00 | 38.50 | .54 | -.16 | -.71 | .00 | NA | NA | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 48.50 | 38.88 | 44.50 | 1.63 | 3.79 | 48.50 | 13.06 | .45 | 1.58 | -.73 | -2.86 | 1.11 | .34 Q | 36.9 | 38.0 | 2.8 | 35.3 | .00 | .0 | 09-27-82 | 235.4 | 6.6 | 1.1 | 14.18 | 7.15 | 1282 |
| Hungry Tiger | HTIG | 10.25 | 9.50 | 9.50 | -.75 | -7.32 | 12.25 | 5.34 | -.21 | -.68 | -1.22 | -8.42 | .78 | -.07 S | -9.4 | 7.0 | 3.8 | 14.2 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 2.00 | 1.81 | 1.88 | .00 | .00 | 2.06 | 1.56 | -.11 | -1.02 | 5.52 | 78.26 | .47 | .00 F | .0 | 9.0 | 2.6 | 4.0 | .12 | 6.4 | 04-12-83 | 7742.8 | 196.3 | 1.1 | .54 | 1.92 | 1082 |
| Intl Dairy Queen | INDQ | 39.00 | 33.50 | 35.50 | -3.50 | -8.97 | 40.00 | 12.25 | .08 | -2.10 | -1.74 | -27.50 | 2.17 | .60 Q | 35.5 | 30.0 | 6.3 | 15.5 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 29.75 | 25.00 | 26.38 | -3.25 | -10.97 | 30.00 | 3.50 | .63 | -1.45 | -1.43 | -.48 | .33 | .98 N | 515.7 | 20.0 | 1.4 | 22.5 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 18.00 | 16.50 | 18.00 | .25 | 1.41 | 18.00 | 5.75 | -.14 | 1.36 | 1.17 | .29 | .93 | .27 S | 37.5 | 13.0 | 3.5 | 18.2 | .16 | .9 | 05-09-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 22.00 | 20.50 | 20.50 | -1.88 | -8.38 | 23.50 | 12.69 | -.47 | -.44 | -1.47 | .65 | 1.40 | -.11 N | -7.5 | 21.0 | 5.1 | 15.3 | .12 | .6 | 05-09-83 | 425.5 | 21.8 | .9 | 2.91 | 8.99 | 0682 |
| Kapok Tr Inns | KTI | 10.75 | 7.75 | 9.88 | 2.25 | 29.51 | 10.75 | 3.00 | 1.37 | .07 | 5.34 | -30.81 | -.37 | -.17 S | NE | -46.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 16.50 | 15.50 | 15.88 | .00 | .00 | 24.50 | 10.34 | -.56 | -.96 | .04 | 24.39 | .59 | .26 N | 72.2 | 98.0 | 8.4 | 25.6 | .00 | .0 | 10-13-82 | 17.9 | 1.5 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 32.00 | 30.00 | 31.50 | -2.00 | -5.97 | 34.13 | 9.59 | .18 | .40 | .44 | -22.54 | 1.21 | 1.43 N | NC | 17.0 | 3.4 | 22.0 | .00 | .0 | 02-16-83 | 200.6 | 6.9 | 1.9 | 5.15 | 6.67 | 0182 |
| Lubys Cafe | LUB | 33.25 | 31.50 | 31.88 | -.63 | -1.92 | 33.25 | 20.50 | .14 | -.29 | .59 | 5.65 | 1.35 | .18 N | 13.8 | 20.0 | 9.1 | 21.5 | .48 | 1.5 | 06-06-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0882 |
| Marcus Corp | MRCS | 15.13 | 14.25 | 14.50 | .00 | .00 | 15.13 | 6.13 | .09 | .23 | -4.21 | -35.51 | 1.13 | .06 N | 5.1 | 4.0 | 5.7 | 11.9 | .25 | 1.7 | 07-01-83 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 81.00 | 76.00 | 76.00 | -2.00 | -2.56 | 81.00 | 32.00 | .27 | -1.20 | .68 | 20.04 | 3.44 | .38 Q | 11.8 | 24.0 | 3.7 | 21.2 | .36 | .5 | 06-20-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonalds Cp | MCD | 66.50 | 62.25 | 65.50 | 2.88 | 4.59 | 74.50 | 45.69 | -.08 | -.23 | -.48 | 2.44 | 5.00 | .65 Q | 14.5 | 17.0 | 11.1 | 12.8 | 1.00 | 1.5 | 05-24-83 | 2715.2 | 300.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 22.13 | 20.25 | 21.50 | 1.25 | 6.17 | 22.13 | 11.25 | .71 | .26 | -.42 | 5.52 | 1.16 | .31 N | 29.5 | 9.0 | 4.1 | 15.8 | .40 | 1.9 | 04-11-83 | 364.3 | 15.1 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 10.25 | 8.88 | 9.38 | -1.00 | -9.64 | 10.50 | 1.75 | -.14 | 1.36 | -2.40 | -1.50 | -.98 | -.42 S | NE | -38.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 2.63 | 2.13 | 2.38 | -.25 | -9.52 | 2.75 | .72 | .58 | .74 | .81 | 22.15 | .03 | .80 N | NE | NE | .6 | 23.8 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles | NAUG | 31.00 | 27.75 | 29.50 | -1.75 | -5.60 | 31.75 | 8.81 | -.25 | -.07 | 5.32 | -1.85 | .78 | .83 N | NC | 47.0 | 3.9 | 35.5 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 15.25 | 15.25 | 15.25 | .25 | 1.67 | 18.50 | 9.00 | -.10 | -.17 | -5.56 | .00 | .69 | -1.12 S | -82.9 | -29.0 | .4 | 66.3 | .32 | 2.1 | 03-14-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 6.50 | 5.25 | 5.75 | -.75 | -11.54 | 7.88 | 4.38 | -.79 | 1.10 | 3.38 | -37.80 | -.25 | -1.94 S | -192.0 | -28.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 13.75 | 11.00 | 13.75 | 2.75 | 25.00 | 13.75 | 5.50 | .19 | 4.19 | 2.53 | 30.91 | .19 | .20 N | NC | 81.0 | 13.8 | 68.8 | .00 | .0 | 00-00-00 | 5.8 | .8 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 17.50 | 16.13 | 17.50 | 1.13 | 6.87 | 18.13 | 13.50 | -.25 | 2.15 | 2.14 | -16.79 | 1.39 | -.36 N | -25.0 | 9.0 | 5.9 | 16.2 | .60 | 3.4 | 06-09-83 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 16.50 | 12.50 | 16.38 | 3.88 | 31.00 | 16.50 | 4.50 | .50 | .34 | 3.82 | -31.30 | .61 | .24 Q | 43.6 | 5.0 | 1.3 | 20.7 | .02 | .1 | 04-11-83 | 135.1 | 1.7 | .9 | 13.55 | 7.29 | 1282 |
| Pizza Time Thea | CHKY | 18.75 | 16.25 | 16.75 | -1.75 | -9.46 | 28.75 | 14.25 | -1.65 | -.77 | .63 | 17.71 | 1.27 | .33 Q | 40.2 | 29.0 | 7.6 | 14.6 | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 24.38 | 21.50 | 22.88 | -1.75 | -7.11 | 25.25 | 9.59 | -.38 | -.11 | -.88 | -26.53 | 1.50 | .26 Q | 20.3 | -4.0 | 2.8 | 14.9 | .33 | 1.4 | 06-08-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 11.88 | 10.38 | 10.75 | -.13 | -1.15 | 11.88 | 4.25 | .35 | -.73 | -5.92 | -3.06 | -.73 | -.69 Q | NE | -44.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 548.3 | -19.8 | .6 | 18.98 | 6.03 | 1281 |
| Restaur Assc | RA | 10.13 | 8.75 | 9.00 | -.88 | -8.86 | 11.38 | 3.25 | -.46 | -.58 | -.73 | -36.06 | .77 | -.06 Q | -8.2 | 22.0 | 1.8 | 13.4 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 26.25 | 23.25 | 25.00 | 2.25 | 9.89 | 26.25 | 3.09 | 1.19 | -1.15 | 4.47 | -9.87 | .33 | .36 Q | NC | 68.0 | 10.6 | 69.4 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 35.63 | 30.13 | 35.00 | 2.38 | 7.28 | 36.50 | 12.50 | -.02 | 1.27 | 1.66 | 38.96 | 1.68 | .49 N | 30.4 | 41.0 | 1.9 | 16.7 | .36 | 1.0 | 06-02-83 | 901.0 | 16.8 | .9 | 4.26 | 8.86 | 0682 |
| Sandwich Chef | SHEF | 15.25 | 14.75 | 14.75 | -.50 | -3.28 | 15.50 | 11.50 | -.02 | -1.00 | 7.23 | 51.75 | .77 | .75 N | NC | 24.0 | 4.7 | 19.7 | .00 | .0 | 00-00-00 | 17.0 | .8 | .6 | .50 | 3.42 | 0682 |
| Sea Galley | SEAG | 14.63 | 12.13 | 14.50 | 2.00 | 16.00 | 14.63 | 5.50 | 1.12 | 1.29 | -.60 | 3.53 | .02 | -.91 Q | -135.8 | -33.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 19.75 | 18.25 | 18.25 | -1.25 | -6.41 | 19.75 | 7.03 | .26 | -1.21 | -3.20 | 5.19 | .74 | -.79 F | -51.6 | 42.0 | 1.5 | 24.7 | .00 | .0 | 07-09-82 | 139.1 | 2.1 | 1.1 | 50.99 | 5.46 | 1281 |
| Shoneys Inc | SHON | 25.75 | 24.00 | 25.75 | .13 | .49 | 27.38 | 12.66 | -.17 | .85 | 1.56 | 17.10 | .86 | .18 Q | 24.3 | 19.0 | 5.1 | 28.0 | .15 | .6 | 07-05-83 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Skippers | SKIP | 15.50 | 14.50 | 15.50 | .75 | 5.08 | 15.50 | 3.16 | .09 | .67 | -7.30 | 17.96 | .48 | .27 Q | 67.5 | 14.0 | 2.6 | 23.1 | .08 | .5 | 03-31-83 | 38.1 | 1.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTZ | 16.00 | 16.00 | 16.00 | .00 | .00 | 16.50 | 10.50 | -.16 | -.16 | 10.40 | -95.95 | .28 | .64 Q | NE | -12.0 | .9 | 26.7 | .20 | 1.3 | 06-13-83 | 80.1 | .7 | 1.1 | 26.22 | 9.51 | 1282 |
| So Hospitality | SHOS | 7.25 | 5.50 | 5.75 | -1.75 | -23.33 | 7.50 | 1.38 | .63 | -2.41 | 3.49 | -22.59 | .14 | .21 N | NC | 25.0 | 2.5 | 27.4 | .00 | .0 | 00-00-00 | 20.3 | .5 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 8.38 | 7.63 | 8.13 | -.13 | -1.52 | 8.50 | 2.63 | .21 | -.80 | -1.61 | -16.20 | .18 | .17 S | 283.3 | 37.0 | 1.4 | 35.3 | .00 | .0 | 05-17-79 | 57.2 | .8 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 13.50 | 12.25 | 12.25 | -1.38 | -10.09 | 13.63 | 5.00 | .87 | -.45 | -2.70 | -6.16 | -2.42 | -2.77 F | -791.4 | -47.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 112.3 | -8.0 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 18.75 | 16.38 | 17.38 | -.13 | -.71 | 19.63 | 9.59 | -.30 | -.80 | 1.20 | 10.34 | 1.13 | .16 Q | 15.8 | 13.0 | 7.3 | 14.9 | .24 | 1.4 | 04-29-83 | 607.6 | 44.1 | .6 | 2.56 | 5.27 | 1281 |
| Webb Del E | WBB | 25.00 | 22.50 | 24.13 | .63 | 2.66 | 25.00 | 6.13 | 1.06 | .62 | -.08 | -4.36 | .16 | -.80 Q | -129.0 | -25.0 | .5 | NE | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 15.50 | 13.75 | 14.00 | -1.50 | -9.68 | 17.50 | 8.00 | -.57 | -.53 | 8.19 | -33.13 | .92 | .92 F | NC | 6.0 | 3.1 | 15.2 | .12 | .9 | 06-03-83 | 28.8 | .9 | 1.3 | 6.97 | 6.29 | 0282 |
| Winners Cp | WNER | 16.63 | 15.88 | 16.50 | .38 | 2.33 | 16.63 | 6.94 | .20 | -.59 | -2.99 | -4.40 | .63 | .07 Q | 12.0 | 8.0 | 2.6 | 25.4 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# Western Steer net profit up 43% in first quarter

CLAREMONT, N.C.—Western Steer-Mom 'n' Pop's Inc., franchisor of 167 budget steakhouses, posted a 43% gain in net profit to $224,532 for the first quarter ended May 20, compared to the year-ago period.

Revenues climbed 20% to $7.8 million.

The company recently raised $4.5 million in an equity offering.

In the fiscal year ended Feb. 25, Western Steer reported net profit down 14% to $866,000 and revenues up 5% to $28.8 million.

*Coming in the August issues of Nation's Restaurant News*

**CHAIN ANALYSIS**

Part I: Top 100 Chains on Aug. 1

Part II: Menu and Operational Breakouts on Aug. 15

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Acapulco y Los Arcos | 3 mos.<br>6 mos. | 5/1 | $ 9.5<br>17.9 | 2.8<br>1.2 | | | $(0.197)<br>(0.467) | —<br>— |
| Beefsteak Charlie's | 3 mos.<br>6 mos. | 5/14 | | | $30.6<br>52.5 | (4.0)<br>(1.0) | 0.988<br>1.300 | (47.0)<br>(53.0) |
| Western Steer—<br>Mom 'n' Pop's | 3 mos.<br>12 mos. | 5/20<br>2/25 | | | 7.8<br>28.8 | 20.0<br>5.0 | 0.225<br>0.866 | 43.0<br>(14.0) |

Source: *Company earnings reports*

*—loss in corresponding period*

**In millions*

*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Hotel chain execs bullish on industry's future

*(Continued from page 3)*

Milburn said his company's newest concepts, the Embassy Suite all-suite properties and the upper-end Crowne Plaza hotels, "will represent a very small part of Holiday Inn."

Nicholas Pritzker, Hyatt Hotels Corp. executive vice president, light-heartedly but pointedly said, "One thing I'm not here to do today is to announce creation of a low-end product." This was an apparent reference to Marriott's just-disclosed plans to develop Courtyard by Marriott, an experimental chain of moderately-priced motels.

Continuing in the same vein, Sam Barshop, chairman, president and chief executive of La Quinta Motor Inns, jokingly disspelled "rumors" that La Quinta plans to build hotels with atriums, waterfalls and other frills. La Quinta's no-frills properties have no public spaces and trade in the low to mid-priced segment.

In addition to the good-natured kidding aimed at other companies, there was self-effacement as well. Greg Lenox, executive vice president of Howard Johnson, thanked the staff of the Waldorf-Astoria, where the conference was held, for what he said was "the first good night's sleep I've had since joining Howard Johnson Co. last year."

### Fifth Conference

This was the fifth annual Hospitality Industry Investment Conference sponsored by the Real Estate Institute of New York University, Stephen W. Brener Associates Inc., Pannell Kerr Forster public accountants and consultants, and *Lodging Hospitality* magazine.

In their speeches and during question and answer sessions, the hotel chain executives, who shared the podium with bankers, realtors, developers, and investors, reviewed their philosophies on hotel development, financing and expansion.

*'We've been through the worst economic period since the depression and yet Hyatt reports a rise in occupancy, Marriott is down just a little and Ramada's occupancy is flat. In the next couple of years, we'll see a dramatic rise in occupancy rates.'*

**—Gary Wilson, Marriott Corp.**

Gregory R. Dillon, executive vice president of Hilton Hotels Corp., said he saw "greater competition for capital in the next few years," with equity syndication replacing debt financing as a way of paying for new hotels.

Dillon cautioned about overbuilding, saying that hotel firms had to create properties "the public wants and create properties that will remain competitive through the 1990s."

### Marketing War

Hilton, Marriott, Hyatt, Sheraton, and Westin are involved in a marketing "war . . . competing for conventions and there's just not that much business out there," Dillon said.

Marriott's Wilson disagreed with Dillon's view on overbuilding and market saturation, saying that except in certain markets, "I don't think there's any problem." He noted people often leave out "the obsolescence factor" when talking about saturation.

Citing New York City as an example, Wilson noted that even though 5,000 upper-end hotel rooms were added in the last couple of years to New York's inventory, 9,000 hotel rooms were retired.

Hyatt's Pritzker said his firm was proceeding with a slow expansion pace, opening about three or four new properties a year on a current base of 72 hotels. He said Hyatt "will maintain its commitment to the upper-end market" and concentrate on opening more resort hotels in the future.

Pritzker said he sees growing consumer demand for greater quality and service as well as growing competition and price wars among chains. And he predicted that "both developers and lenders will be looking very closely at overbuilding in certain markets" like Houston.

*'I do think there will be a market share war and it's going to be a question of which chains are prepared to fight it.'*

**—Mark Forrester Ramada Inns**

Holiday Inns, though it has diversified with all-suite hotels, casino-hotels and upscale properties in the last two years, has no plans to enter the budget segment because some roadside Holiday Inns already compete with budget motels, Milburn said.

Most Holiday Inn expansion is financed internally, he added, and although the company will "probably do more deals in the future than we have in the past" he views so-called creative financing as "nothing more than warmed over varieties of what we've seen before."

He, too, said there has been overbuilding in Houston and other "glamour markets" but said that overall "we're going to have a very healthy industry over the next few years."

Mark Forrester, senior vice president of Ramada Inns, said "it sounds like a long-range market share war is in the making. Competition will be fierce. I do think there will be a market share war and it's going to be a question of which chains are prepared to fight it."

Ramada Inns, despite development of 40 upper-end Renaissance hotels, "is preparing for significant building in the mid-priced market from 1984 to 1986," he added. Traditional Ramada Inns "will continue to be the bedrock of the chain."

Howard Johnson's Greg Lenox summed up his company's hotel business for 1982 in this way: "Sales even, service terrible, customer counts off." Howard Johnson, which has no debt, is planning to expand in the immediate future—the last Howard Johnson hotel opened in Buena Vista, Calif., in 1975. There are now 150 company-owned and 300 franchised properties.

Howard Johnson, Lenox said, sees "a large demand for high quality products at mid-price." His company will be building those types of hotels, in addition to 25-30 full-service properties in major markets, the first at Inner Harbor in Baltimore. Most new Howard Johnson hotels will have 300 to 400 rooms, restaurants and lounges, and "a lot of flair."

### Great Summer

Ronald Evans, chief executive at Best Western, said he believes business will be "great" this summer in the hospitality industry. Best Western room sales have been up 13.1% over last year, he said.

Willis McFarlane, president of Associated Inns and Restaurant Company based in Denver, said the "demand for good rooms no longer exceeds the supply, leading to a fight for market share."

### Forecast

"When we look at acquisitions and look at development of new projects more and more we have to look at what kind of hotel we have and think in terms of what kind of market share we're going to have if we do what we want to do."

Barshop said La Quinta plans to stay in its segment. "We will cookie cut and cookie cut until there are no more cookies to cut," he said.

**While saturation has been a problem in certain markets such as New York (left) and Dallas (right), hotel executives expressed optimism about the future.**

# Minimum wage ranks No. 1 among industry's concerns

By Ken Rankin

WASHINGTON — Food-service industry concerns over rising energy costs, Federal tip reporting requirements, and proposals to limit tax deductions for business meals have taken a back seat to an even more pressing pocketbook issue: The prospect of new legislation boosting the national minimum wage.

That's the bottom line of a recent survey of National Restaurant Association members who rated the "minimum wage and Labor Department regulations" as the most important "external" concern of American food-service operators today.

Over three-quarters (76.6%) of the NRA members responding to the poll described Government wage-hour and related labor regulations as either "very important" or "somewhat important" to the industry.

In contrast, the Internal Revenue Service's pending employee tip reporting rules—perhaps the most controversial Federal food-service initiative of the past five years—ranked no better than fourth among 14 "external factors" rated for relative importance by restaurateurs. Less than 70% of the NRA members described the tax service's tip reporting requirements as an important industry issue.

Although wage and hour regulations have traditionally ranked as a high-priority concern for the labor intensive food-service industry, the fact that the largest proportion of restaurateurs chose the "minimum wage" as their most serious concern is at least mildly surprising.

Despite periodic saber rattling by organized labor advocates of higher Federal pay floors, Congress has not even voted on any minimum wage legislation for more than five years, no such proposals are under active consideration on Capitol Hill now, and the current $3.35 national hourly wage requirement has remained unchanged since the beginning of 1981.

On the other hand, there have been a flurry of recent increases in state minimum wage levels affecting some smaller restaurants exempt from the national pay floor requirements. In addition, a series of recent court rulings and regulatory interpretations affecting employee meal and tip credits, overtime pay requirements and other nonminimum wage Federal labor enforcement activities have surfaced recently.

The survey also produced some other surprising responses from restaurateurs which may lead to a re-evaluation of lobbying priorities at NRA.

Although Agriculture Department officials backed down from their controversial scheme to lower Federal standards for U.S.D.A. Prime and Choice grade beef last year, over half (52.7%) of the NRA members ranked "beef grading standards" as one of the industry's present 10 top concerns.

Even more surprising was the low level of importance attached to the "illegal alien" controversy by most food-service operators.

Congress is closing in on new legislation setting stiff criminal penalties for employers of "undocumented aliens" and establishing cumbersome new immigration status record-keeping requirements for industries such as food-service which are suspected of hiring a disproportionate share of illegal immigrants.

Although blocking this Federal legislation has been a top lobbying priority for the NRA Government relations staff over the past two years, the association's members ranked "employment of illegal workers" dead last in importance of the 14 issues surveyed.

Only 18.6% of the restaurateurs responding to the survey rated the illegal alien issue even "somewhat important" to the industry.

Although the results of the survey are not likely to prompt any immediate or drastic shifts in NRA lobbying priorities, researchers at the association acknowledged the findings may help to shape decisions for "current and future needs for association programs and services."

Other external factors rated as low in significance by food-service operators include "smoking/nonsmoking issues" and "sodium content in food," both of which are considered important by fewer than 25% of the association's members.

At the opposite end of the spectrum, the survey suggests that industrywide concern over the rising cost of food, supplies and labor remains high despite the sharp decline in overall inflation.

In fact, concern about "food costs and inflation" ranked second only to the minimum wage in importance to NRA members, with 76.4% calling this issue at least "somewhat" important.

Efforts by the Reagan Administration to dismantle the Department of Energy and peel back Federal energy regulations affecting restaurants have not defused industry concerns in this area either.

Seven-out-of-10 restaurateurs responding to the poll rated "energy costs and regulations" as an important issue, and, overall, energy ranked as the third most pressing concern for food service.

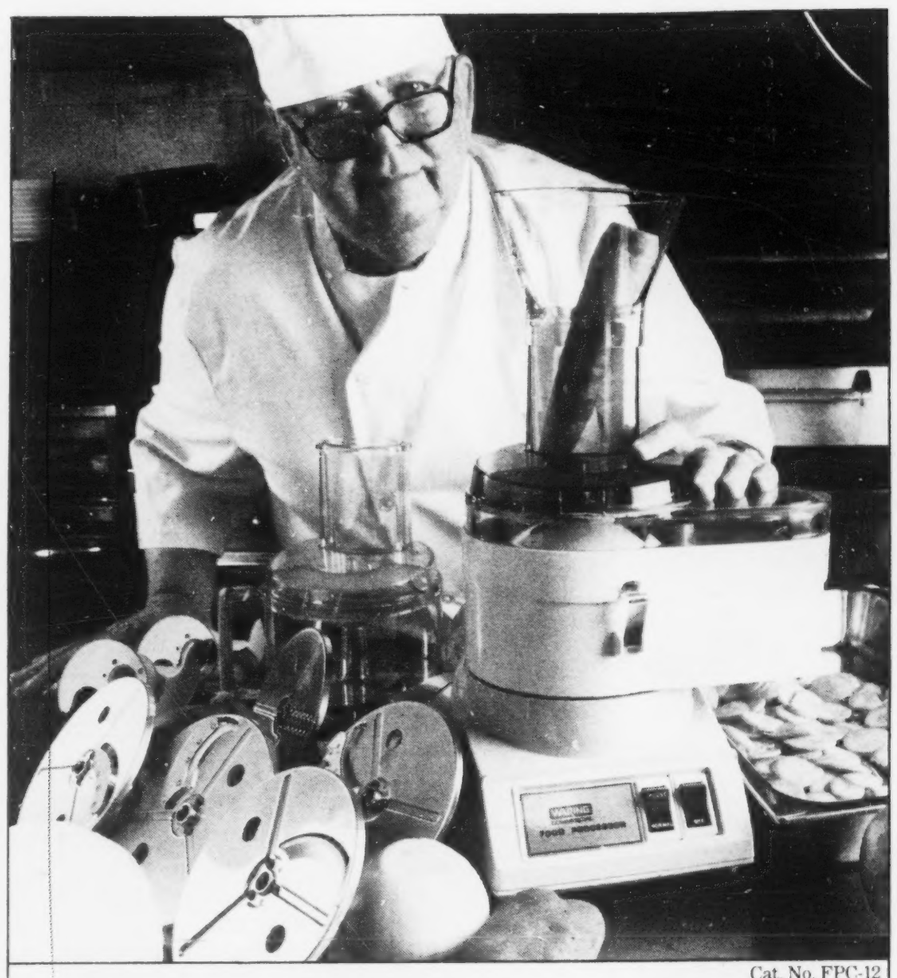
"Liquor consumption and its relationship to drunk driving"—a hot topic in many state legislatures this session—was the only other external factor rated important for food-service operators by more than 60% of the NRA membership.

## SURVEY OF NRA MEMBERS

Here's the way National Restaurant Association rank-and-file members rank current food-service issues in order of relative importance:

| Rank | Issue | Very Important or Somewhat Important |
|---|---|---|
| 1 | Minimum wage and Labor Department regulations | 76.6% |
| 2 | Food costs and inflation | 76.4 |
| 3 | Energy costs and regulations | 69.9 |
| 4 | Tip income reporting requirements | 69.5 |
| 5 | Liquor consumption and its relationship to drunk driving | 60.9 |
| 6 | The tax deductible business meal | 59.9 |
| 7 | Human resource issues . . . including the motivation and training of employees | 58.9 |
| 8 | Public health and safety regulations | 57.9 |
| 9 | Beef grading standards | 52.7 |
| 10 | Changing consumer attitude and life-style issues | 51.5 |
| 11 | Expanded use of computer technology | 50.0 |
| 12 | Sodium content in food | 24.8 |
| 13 | Smoking/nonsmoking issues | 24.6 |
| 14 | Employment of alien workers | 18.6 |

SOURCE: NRA Research Department

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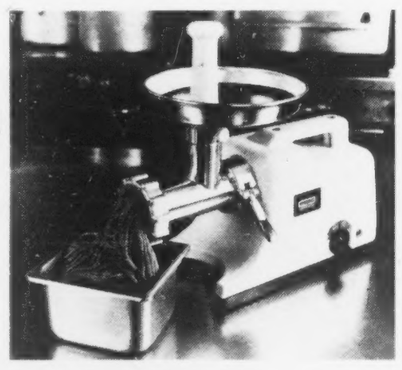

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CHAIN ANALYSIS/PART 1

***A look at the top 100 chains—Pages 75-134***

WASHINGTON
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# Restaurant News®
*The Newspaper of the Food Service Industry*

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# Authority shifting to field managers

## *Major chains seeking higher productivity at unit level*

**By Donald Frazier**

Chain operators, battling to bolster unit productivity and grab market share, are shifting increasing responsibility to their field supervisors.

Chains as diverse as Denny's, Burger King, Hardees, Red Lobster and Kentucky Fried Chicken are taking steps to reduce the number of units that each field manager must oversee and to clarify his duties.

Most significantly, this wave of change is tending to decentralize authority and kindle the spark of individual initiative in one of America's most management-systematized industries.

Secondarily, it is attacking a historic problem for many large chains: over-reliance on individual unit managers for effective restaurant operation.

The immediate aim of the chains themselves is clearly to make sure that unit profitability can be controlled at levels above the unit manager's.

For most this means control by area supervisors, overseeing the activities of anywhere from a handful to a dozen or so units and their bosses, various levels of district and regional managers, supervising activities over geographic areas that can include large numbers of units in many states.

"It's all a matter of return on investment," according to the head of human resources for one Southeastern chain. "Sure, we could make each unit run itself if we wanted to. But that would be so expensive it would ruin the company."

"Instead, we prefer to concentrate our resources where they do the most good on a dollar-per-person basis. And that generally turns out to be on the level of the field supervisor."

Kentucky Fried Chicken, for example, recently reduced the number of units under each field manager—the title at KFC is area manager—from more than eight to about six for its over 950 company-operated shops.

"Closer attention by the area manager helps us do two things," according to the company's spokesman Greg Reyn-

*(Continued on page 190)*

### *REAL SALES GROWTH OF SELECTED CHAINS*

| Chain | 1981 Avg. Unit Sales (000) | % Menu Price Rise (1980-81) | 1982 Avg. Unit Sales (000) | % Avg. Unit Sales Change From Previous Year | % Menu Price Rise In Past Year | % Real Sales Change† | 1983 Avg. Unit Sales* (000) | % Avg. Unit Sales Change From Previous Year | % Menu Price Rise In Past Year* | % Real Sales Change† |
|---|---|---|---|---|---|---|---|---|---|---|
| McDonald's | $1,110 | 14.0 | $1,130 | + 2.0 | 7.0 | − 5.0 | $1,150 | + 2.0 | 5.0 | − 3.0 |
| Burger King | 751 | 4.0 | 785 | + 5.0 | 2.0 | + 3.0 | 850 | +10.0 | 2.0 | + 8.0 |
| Wendy's | 674 | 8.0 | 703 | + 4.0 | 3.0 | + 1.0 | 750 | + 7.0 | 2.0 | + 5.0 |
| Hardee's (Company Owned) | 660 | 0.0 | 745 | +13.0 | 1.0 | +12.0 | 864 | +16.0 | 2.0 | +14.0 |
| Spartan Foods (Hardee's Franchisee) | 746 | 2.4 | 761 | + 2.0 | 2.0 | 0.0 | 783 | + 3.0 | 2.0 | + 1.0 |
| KFC (Domestic Only) | 368 | 12.0 | 383 | + 4.0 | 3.0 | + 1.0 | 422 | +10.0 | 5.0 | + 5.0 |
| Church's | 400 | 11.5 | 383 | − 4.0 | 4.0 | 0.0 | 395 | + 3.0 | 0.0 | + 3.0 |
| Popeyes | 575 | 5.0 | 615 | + 7.0 | 6.7 | + 0.3 | 715 | +16.0 | 4.5 | +11.5 |
| Int'l Dairy Queen | 235 | 5.0 | 252 | + 7.0 | 3.0 | + 4.0 | 270 | + 7.0 | 5.0 | + 2.0 |
| Friendly | 626 | 10.0 | 641 | + 2.0 | 5.5 | − 3.5 | 666 | + 4.0 | 3.0 | + 1.0 |
| Frisch's | 677 | 6.0 | 711 | + 5.0 | 3.0 | + 2.0 | 756 | + 6.0 | 3.0 | + 3.0 |
| Village Inns | 720 | 2.0 | 728 | + 1.0 | 3.5 | − 2.5 | 786 | + 8.0 | 3.0 | + 5.0 |
| Morrison | 1,500 | 7.0 | 1,700 | +13.0 | 7.0 | + 6.0 | 1,800 | + 6.0 | 6.0 | 0.0 |
| Luby's | 2,200 | 9.0 | 2,300 | + 5.0 | 7.0 | − 2.0 | 2,400 | + 4.0 | 5.0 | − 1.0 |
| Piccadilly | 1,270 | 10.0 | 1,430 | +13.0 | 7.0 | + 6.0 | 1,530 | + 7.0 | 4.0 | + 3.0 |
| Quincy's (Spartan Foods) | 855 | 1.0 | 887 | + 4.0 | 8.0 | − 4.0 | 922 | + 4.0 | 5.0 | − 1.0 |

Source: *NRN* research | **NRN* estimate | †Average Unit sales change minus menu price rise

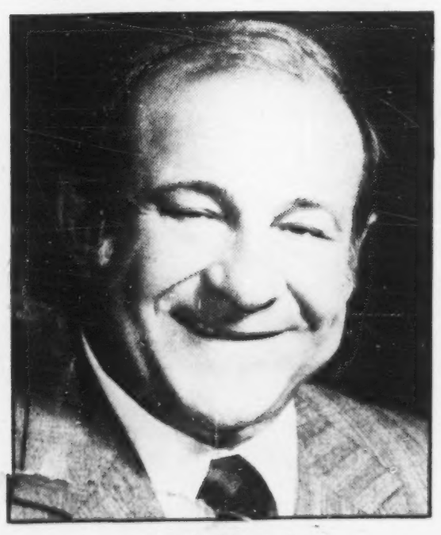
***This chart and the one on Page 79*** *(see Chain Analysis) are the basis of the Page 75 graphs charting three-year overall unit sales growth, menu price increases and real sales growth.*

# Karcher recasting Carl's Jr. in new mold

**By Richard Martin**

ANAHEIM, Calif.—In what may be a momentous conceptual maneuver with far-reaching implications, Carl Karcher Enterprises has positioned its burgeoning 360-unit Carl's Jr. burger fleet in the Southwest for a quantum leap beyond the traditional bounds of fast-food.

Retrofits of the entire CKE chain with dishwashers, non-disposable plates and flatware will be complete next month as a four-entree Charbroiler Dinner menu is fully rolled out.



**Carl N. Karcher**
*chairman of the board*

Building on its self-styled reputation as "the Rolls-Royce of fast-food," Carl's Jr.'s new dinner concept moves the company into uncharted territory between the fast-food and coffee shop segments—a niche it may be free to exploit on its own for some time.

The charbroiled dinners include a 6-oz. top sirloin ($3.99), 8-oz. ground round ($3.49), 5-oz. rainbow trout ($3.59), and 8-oz. double chicken breast filet ($3.69). All dinners are *served* (after 2 p.m. Carl's Jr. shifts to a pay-first table service concept) with garlic bread and a choice of baked potato, batter-fried zucchini or wedge-cut fries.

Since the upgrade project began with tests in March, virtually all 150 units outside Los Angeles have already undergone the approximate $5,000-per-store retrofitting. CKE's 215 Carl's Jr. units in the five county Los Angeles market will come on line in September, when a $3-million multimedia ad campaign commences.

Defying the recently sluggish examples of most other fast feeders, CKE has increasingly extracted incremental business from new menu items added over the past few years.

"Product development is the leverage point for us," said marketing vp Keith Frohreich.

While most of the major fast feeders have just recently begun to recover from a period of negative real growth (now posting an average real growth rate estimated at about 2%-3%) Karcher units have averaged a 6% real growth pace so far this year. Frohreich figures about half of that gain has come from two relatively new $1.89 items, the Western Bacon Cheeseburger and the Charbroiler Chicken Sandwich, which each reportedly account for about 8%-10% of food sales.

Frohreich likens the potential significance of the new charbroiler dinner concept to the introduction of fast-food breakfast by McDonald's.

"The area where we are moving has not yet been defined," he said. "We can't say for sure there is a definite need for what we are doing, but by maneuvering between the fast-food and coffee shop/budget steak markets we might be able to appeal to both."

*(Continued on page 190)*

# Saga acquiring five-unit Spoons

**By Richard Martin**

HOUSTON—A showdown could be brewing on the newly opened Southwestern burger frontier.

Saga Corp. has persisted in its bid to enter the hot upscale burger market and has signed a definitive agreement to buy Houston-based Spoons Restaurants.

This puts Charles Lynch's formidable Saga organization and Spoons founder Chandler against the 23-unit Chili's operation, led by former Pillsbury restaurant chieftain Norman Brinker and founder Larry Lavine. A battle for market share is anticipated as the two operations gear up for rapid expansion. (See story, Page 8.)

Spoons, a five-unit, full-service chain with a concept adapted largely from Chili's, apparently fills the gap in Saga's acquisition plans created when Dallas-based Chili's balked at a tentative buyout bid in June, after signing a letter of intent. Chili's then hired Brinker to lead its expansion forces.

Saga promptly hit the road for Houston but this time

*(Continued on page 190)*

## LATE NEWSBREAKS

**Quaker Oats Co. has agreed to pay $208 million for Stokely-Van Camp, topping an earlier Pillsbury offer of $168 million. (Story, Page 8.)**

**Castle Entertainment of Westlake Village, Calif., which last year began a pizza-entertainment chain, Tex Critter's, has decided to seek Chapter XI protection from creditors.**

**Greyhound's proposed acquisition of 50-unit Peter Piper Pizza is off, according to Greyhound officials.**

**Hilton Hotels achieved a 22% net profit gain to $28.3 million on an 11% revenues gain to $179 million for the second quarter ended June 30, compared to the same period last year. But for the whole six months, net profit was off 6% to $42.7 million and revenues up only 2% to $324.7 million.**

**Dole shuns compromise**

# Renewed legislative tip reporting battle looms

**Earlier optimism for a compromise with Sen. Robert Dole over the tip reporting law has evaporated, and NRA leaders are all but resigned to a renewed congressional battle.**

By Ken Rankin

WASHINGTON—Frustrated by Senate Finance Committee Chairman Robert Dole's apparent reluctance to strike a compromise on the controversial Federal tip reporting law, National Restaurant Association officials are mapping strategy for a potentially bloody legislative battle over the issue.

At the same time Senate sources indicated that the Internal Revenue Service is ready to give ground on several subsidiary issues.

Earlier this year, NRA leaders appeared optimistic about prospects for reaching agreement with Dole on a series of industry-supported changes in the tip disclosure law and the resulting Internal Revenue Service regulations.

Dole, the Senate Finance Committee Chairman, personally agreed to consider the association's proposed "reforms" following an April summit meeting with top NRA lobbyists, and as recently as late June NRA president Joe Lee advised the group's membership that there was "hope of avoiding a legislative battle" with Dole.

Now that initial optimism appears to have evaporated, and association staffers seem all but resigned to a repeat of last summer's bitter Congressional tip reporting slugfest.

Although NRA lobbyists have had a number of meetings and phone conferences with Finance Committee officials in recent weeks, "there has not been any real progress at all," association spokesman Jeffrey Prince told *Nation's Restaurant News*. "We are no closer to an agreement with Senator Dole than we were back in April."

NRA is seeking three specific changes in the 1982 tip disclosure legislation to make the requirements more "equitable" for restaurant industry employers and workers:

Elimination of the controversial "allocation" rules under which restaurants may be required to report "tips" to Federal tax collectors which were never earned by workers;

Repeal of all reporting requirements for employees of food-service establishments where tip income average less than 5% of food and beverage sales, and

A reporting exemption for all food-service establishments (including multiunit chain outlets) with fewer than 10 full-time employees.

In a letter explaining these proposed changes to the NRA membership, Lee said the amendments advanced by the association would "remove the unfair allocation burden placed on our industry and still provide IRS with the information it needs to ensure taxpayer compliance."

Although Dole—the chief architect of the 1982 Federal tip reporting law—has shown no sign of agreeing to any of the three NRA proposals, IRS rule makers were closing in on a series of regulatory changes at presstime which could ease tip reporting compliance problems for restaurateurs.

**Confirmed**

According to Sen. Roger Jepsen (R-Iowa), food-service operators and workers can count on at least three key changes in the allocation procedures originally proposed by the tax service late last year.

Those initial IRS rules require restaurants to compute tip averages and make allocations for every pay period during which total tip income reported to the employer does not

*(Continued on page 189)*

## NRA amendments would soften impact

By Ken Rankin

Restaurant industry employers figure to come out ahead if Congress approves the National Restaurant Association's proposed amendments to last year's tip reporting law.

And the vast majority of "honest" food-service industry workers (those who report all of their tips—or at least tip income equal to 8% of the value of the meals they serve) will also gain as a result of the NRA plan.

But the chronic chiselers who grossly underreport their tips to IRS could be the big losers since the association's proposal would provide tax collectors with an "audit trail" a yard wide leading to these individuals.

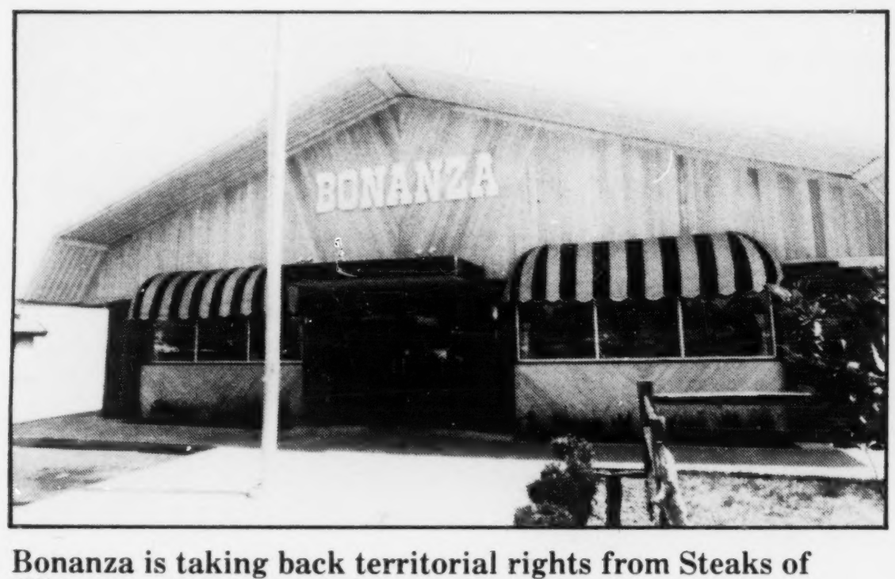
Here's how the NRA-proposed tip reporting requirements would work:

Most cafeterias and in-store snack bar operations would be excluded from the law altogether under the NRA-backed provision exempting all establishments where tips average below 5% of sales.

In addition employees of chain food-service outlets employing less than 10 full-time workers (per unit) would also be granted an unconditional exemption from the requirements.

The most significant change advanced by NRA, however, would eliminate the current allocation provisions entirely and substitute "reasonable reporting requirements" for food-service operators.

*(Continued on page 189)*




**Bonanza is taking back territorial rights from Steaks of USA, one of the chain's largest franchisees.**

# Bonanza acquiring stores, rights of Steaks of USA

By Don Frazier

DALLAS—Two years after becoming an entirely-franchised company, Bonanza is apparently getting back into the business of running budget steakhouses.

The 565-unit chain will probably take over nine units now operated by a major franchisee, Steaks of USA, according to a spokesman for the Marshall, Texas-based operator.

As a part of the same deal, Bonanza will also take back the territorial rights and the royalties for 105 steakhouses in five states—all now sublicensed by Steaks of USA.

In return, the 48-unit franchisee will garner about $4.8 million in equal installments over the next 18 months, according to Jeff Rogers, Bonanza president.

Bonanza officials did not comment on their motives for the transaction. But two factors apparently played a role in their decision: royalties and future development of the system.

Steaks of USA, a territorial franchisee of Bonanza for the last five years, accounts for "a very large share of our overall business," Rogers said.

Pretax income from the royalties generated by the 105 units will probably funnel about $1.2 million a year into the Bonanza strongbox.

But the future development of the Bonanza system in those

*(Continued on page 189)*

# Strong dollar cuts sales, profits of United States chains abroad

By Rurick Telberg

A strong United States dollar is cutting into sales and earnings at many American restaurant and hotel chains with foreign operations.

"Right now we're experiencing a drop in Australian profits of 15% due to the decline of the Australian dollar," said Gerald Wahlin, chief financial officer at Collins Foods

McDonald's reported fiscal 1982 international operations revenues would have been 7% higher and its operating profits would have been 8% fatter if the United States dollar had not continued to strengthen over foreign currencies.

Hilton International, a Trans World subsidiary, posted a 23% drop in fiscal 1982 operating profits from the year before and blamed three-quarters of it on unfavorable foreign currency translation.

The problem is that when the dollar's value rises over other nations' currencies, foreign operating results do not look as good after sales and profits are translated.

Corporate treasurers have found some relief, however, in an accounting rule change which now permits gains or losses from foreign currency translation to be charged against stockholder equity once a year.

Financial executives complained that under the old rule wild swings occurred every quarter and foreign operating performance did match its portrayal on income statements.

When the dollar was weakening against foreign currencies in the early 1970's, just as United States fast-food chains were first beginning to expand overseas or into Canada, they often posted gains that outstripped actual performance.

But as the world plummeted into a recession and the United States became a safe haven for many investors, the dollar's value soared.

*(Continued on page 37)*

### THE FOREIGN STAKE OF U.S. FAST-FOOD CHAINS

| Chain | Foreign Units | U.S. Units |
|---|---|---|
| KFC | 1,386 | 4,365 |
| McDonald's | 1,341 | 5,918 |
| Dairy Queen | 550 | 4,204 |
| Mister Donut | 435 | 502 |
| Pizza Hut | 310 | 3,983 |
| Burger King | 200 | 3,200 |
| Denny's | 178 | 1,995 |
| Wendy's | 125 | 2,305 |

Source: Company reports, *NRN* estimate

## HIGHLIGHTS IN THIS ISSUE

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**8** Veteran burger warrior Norman Brinker, now with Chili's, has warned that a "battle of the *upscale* burgers" looms on the horizon.

**14** A strange, new hybrid—the coffee shop/fast-food restaurant—is being developed on the nation's tollroads.

**34** Creative summer drinks are heating up sales and customer interest, writes Wine & Spirits columnist Mort Hochstein.

**138** Outspoken as he can be, James A. Patterson—the subject of this month's personality profile—is a quiet, reserved Kentuckian whose professional career is his only consuming passion.

**147** Noted French critic Christian Millau offers his opinion of American cuisine and restaurants in a special interview.

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# Strong dollar hurting U.S. companies overseas

**AS THE U.S. DOLLAR STRENGTHENS**

| This currency . . . | Is worth this much: (after translation to U.S. dollars) | | | | |
|---|---|---|---|---|---|
| Country | 1983 | 1982 | 1981 | 1980 | 1979 |
| Canada | $0.81 | $0.81 | $0.83 | $0.85 | $0.86 |
| France | 0.13 | 0.15 | 0.18 | 0.24 | 0.23 |
| Germany | 0.39 | 0.41 | 0.44 | 0.55 | 0.55 |
| Japan | 0.42 | 0.40 | 0.45 | 0.44 | 0.46 |
| Mexico | 0.67 | 1.40 | 4.10 | 4.30 | 4.80 |
| Britain | 1.54 | 1.75 | 2.02 | 2.33 | 2.12 |

Source: Federal Reserve 1983 data is most recent.

*(Continued from page 2)*

In Canada, for example, where American restaurant companies first ventured, the Canadian dollar has declined 21% since 1976. Now it is worth about 81¢.

Since 1980, the French franc has tumbled 46% to 13¢, the West German mark has skidded 29% to 39¢, the British pound has fallen 34% to $1.54, and the Japanese yen has slipped 13% to 42¢.

The Mexican peso has been nearly wiped out. At about 67¢, it is worth less than one-hundreth of its 1975 value.

Swinging currency translations are not the only hazards of doing business overseas.

Marriott, for instance, reported that its fiscal 1982 international profits were slashed to $3.4 million from $8.2 million in 1981.

Marriott blamed, in part, wars and crises in the Mideast and South America for downing air traffic which cut into its airline-feeding business.

In addition, operating exclusively in the United States does not insulate a company from buffeting exchange rates.

Cafeteria chains, along the Mexican border, particularly Luby's and Furr's, have watched their trans-border customer base dwindle as the peso disintegrated, wiping out the purchasing power of Mexican tourists and shoppers. Church's Fried Chicken was also affected.

"When the dollar strengthens, revenues are translated into less dollars. When the dollar weakens, revenues are translated into more dollars," said Ray Simpson, project manager at the Financial Accounting Standards Board, who headed the task force that revised exchange rate rules.

Under FASB Statement No. 52, issued December 1981 and mandatory after December 1983, foreign currency translation can now be reported as a separate item on a corporation's equity statement.

Under old FASB Statement No. 8, which had been in effect for more than a decade, currency gains or losses had to be reported every quarter and charged against net profits.

Calling the issue "an emotional subject," Simpson said corporate officers objected to the old rule because it created wild fluctuations every quarter, depending on the lastest exchange rate.

"The businessman had no control," he said. "They were at the mercy of the exchange rates."

In addition, Simpson said, "The results did not fairly portray what was actually happening."

In other words, real sales and profit gains could be wiped out, or ballooned, by a shift in worldwide economic winds.

"FASB No. 52 makes a lot more sense," said Carol Campbell, treasurer at Denny's, the family coffee shop chain with 154 units in Japan.

"Now there's less pencil-pushing," said Frank Heit, executive vice president and treasurer at Dairy Queen, which franchises 420 stores in Canada and Japan. "We can do the work much easier."

Because most fast-food chains franchise their overseas operations, saddling them with almost no foreign assets, international sales and profits have no material impact on the bottom line.

Neither Collins, Denny's, Dairy Queen, Wendy's nor Burger King, for example, reported currency fluctuations under FASB No. 8. Under No. 52, the write-offs are minimal, if at all.

McDonald's, however, has been forced to go out of its way to explain to shareholders the effect of a strong dollar, partly because the chain insists even overseas of maintaining an equity interest in its units.

McDonald's takes about 20% of its revenue and 15% of its profits from its 1,300 foreign restaurants. It has 417 Canadian units, 346 in Japan, 169 in Germany, 137 in Australia and the rest scattered in 26 other foreign countries.

In the fiscal year ended last December, McDonald's said international revenues of $531.8 million would have been $39 million higher if the dollar's value had not changed from 1981. At the same time, operating profits of $130.3 million would have been $11 million higher.

In 1981, the company said, revenues suffered a $46 million write-down to $511.6 million and operating profits were set back $13 million to $125.4 million.

Kentucky Fried Chicken has also noted the fallout. In the fiscal year ended June 1982, KFC noted that per-store average sales in its 39 Mexican outlets increased from 1981 a whopping 24% in local, albeit inflated, currency. But after a devalued peso was translated to dollars, profits plunged.

Exchange rates can work to a company's advantage, however. Believing the dollar will rise, or fall, corporate financial executives can bet on the trend and clean up.

Wahlin recalled a $4 million loan Collins Foods took in Australian dollars when they were trading at $1.14 per United States dollar. Now that the Australian dollar is trading at 88 United States cents, the debt is being repaid with cheaper money.

"We are stepping up expansion in Australia," said Wahlin, whose company operates 45 of its 232 KFC stores there, "and part of the reason is that the dollar is so strong."

But there are a host of considerations in developing foreign markets. "You need a longer perspective," said Denny's Campbell, "20 to 25 years."

The same factors which make it a bargain for a tourist to travel, make it a high risk for a business to build. In the countries where the dollar is strongest, inflation, unemployment and trading deficits are at record levels.

**BK BOOSTS CENTER**

**Burger King Corporation recently awarded a grant of $50,000 to Miami's Liberty City Business Assistance Center, which teaches employment skills and provides direction and advice in addition to seek capital to black entrepreneurs. Burger King executive vice president-director of marketing Kyle Craig (left) presents the check to Newall Daughtrey, Business Assistance Center executive director. In addition to the grant, Burger King is working with the Business Assistance Center in seeking black vendors and job applicants for neighborhood restaurants.**

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COMMODITIES

# Meat prices look good; vegetable crop improves

**NRN Special Report**

The effects of the heavy storms which disrupted plantings in California's vegetable fields have finally tapered off. Lettuce, which had risen as high as $12 per case of 24's in the Salinas to Santa Maria area, have now fallen to seasonal levels of $3-$3.50, depending upon quality. Outlook from this area, which is the major iceberg lettuce producing area in the country, is for adequate supplies through the fall.

Some of the pressure has been taken off the California market by local growing areas across the country, although Florida supplies of iceberg are over for the season. Local corn and green peppers will be coming into the marketplace from New England to the upper Midwest this month, and local tomatoes, particularly cherry tomatoes, will be available in good supply for operators.

Yellow onions should be in good supply this year and through the winter. California's crop is a good one, and Texas is reporting a larger crop than last year, even though the acreage planted is down. A combination of new onion varieties with greater yield and ideal growing weather has provided up to double the normal yield in some areas, according to state agricultural spokesmen.

### Canned fruit and vegetable outlook

The U.S. Department of Agriculture issued its forecasts for a number of processed fruit and vegetable packs on June 21. In fruits, canned cling peaches will be in short supply, with carryover stocks down 29% from last year and the anticipated production down by 17% this year. Actually, the picture is dimmer than it seems, because the pack for 1983 will be lower than it was in 1981 (down 25%) and in 1980 (down 38%). With this much drop over a three-year period, look for tight supplies and higher prices. Some distributors may be forced to allocate supplies by the end of the pack year next summer if demand continues for clings.

Canned freestone peaches, although not as popular with operators as the firmer, more regular clings, will be up a bit in production over last year (6%), however, a carryover of 6/10's is off by 33% from last year. Apricots had a carry-over of only 219,000 cases, including both 6/10's and retail sizes. That's down 15% from last year and a whopping 80% from 1981. This year's crop forecast is for 5% less fruit available to canners.

Pear stocks have dropped by nearly 50% from last year, with shipments up about 70% because of greater demand. Expect prices, with a crop down about half of last year's—to mount steadily through to next summer.

The U.S.D.A. is expecting a dropoff in the pea pack, the fourth year that there has been a decline in the amount processed. While 6/10 stocks are down 26% from last year, demand has remained fairly consistent, putting additional strain on the supply. Northwest opening prices this year have shown an increase of about $1.30 per case.

Green pea production is forecast as down 5%, and carryover of stocks of 6/10 size is down 37%. Northwest packers are trying to move opening prices up on green beans as well.

The U.S.D.A. announced a higher than expected carryover of frozen peas. Stocks are nearly 125% higher than last year at this time. The outlook for the crop is to equal last year's, which should increase carryover even more by next year.

Corn, both cut and cob, is down from last year, both in carryover and in crop forecast (10%). Green beans will have a crop of about the same as last year. Green bean carryover is off.

### Pork Slaughter High

The slaughter of hogs has been rising through the spring and peaked about late June. At one point, the slaughterhouse price for pork loins was down to $0.86 per pound, as compared with the high of $1.19 last winter. A surprise to many observers was the U.S.D.A. report in late June that hog production was up by 11% over last year; most had expected a 7% figure. The increased production means that farmers might be expected to

*(Continued on page 189)*

## PRICE MOVEMENT AT A GLANCE

| | July 8, 1982 | June 8, 1983 | July 8, 1983 |
|---|---|---|---|
| Beans, pinto, dry Colorado (cwt.) | $14.75-15.00 | $16.50 | $19.00 |
| Beef, Choice 700-900 lb. Midwest (lb.) | $ 1.06 | $ 1.03 | $ 1.03 |
| Broccoli, fresh California (14s) | $ 4.50-5.00 | $ 5.00-5.50 | $ 5.50-6.00 |
| Broilers, icepack, Grade A, NYC (lb.) | $ 0.5199 | $ 0.5219 | $ 0.5497 |
| Celery, fresh, California (2½ doz.) | $ 5.50-6.00 | $ 7.00-8.00 | $ 8.00-9.00 |
| Coffee, green beans, Brazil, NYC (lb.) | $ 1.40 | $ 1.28 | $ 1.275 |
| Eggs, Grade A large white, CHI (doz.) | $ 0.6575 | $ 0.645-0.65 | $ 0.645-0.65 |
| Lettuce, iceberg, California (24s) | $ 4.00-6.00 | $ 8.00-10.00 | $ 3.00-3.50 |
| Pork loins, Choice, 14-17 lb., Midwest (lb.) | $ 1.25 | $ 1.09 | $ 1.00 |
| Potatoes, round white (50 lb.) | $ 3.20 | $ 4.50 | $ 5.25 |

Source: NRN Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# Sambo's seeking Season's switch to Baxter's, Coco's

**By Richard Martin**

CARPINTERIA, Calif.—W. R. Grace has taken tentative steps to launch a major expansion of its Coco's and Baxter's concepts by negotiating to make Sambo's restaurants here its first domestic licensee.

As many as 206 of Sambo's ill-fated Season's conversions would be revamped into the two Grace concepts under a plan sketched out in letters of intent drafted after two weeks of talks between the two companies.

(Interestingly, Grace has expressed some interest six years ago in possibly acquiring Sambo's at a time when Charles Lynch headed Grace's consumer services. But no deal was ever consummated, and Sambo's plummeted rapidly after 1977.)

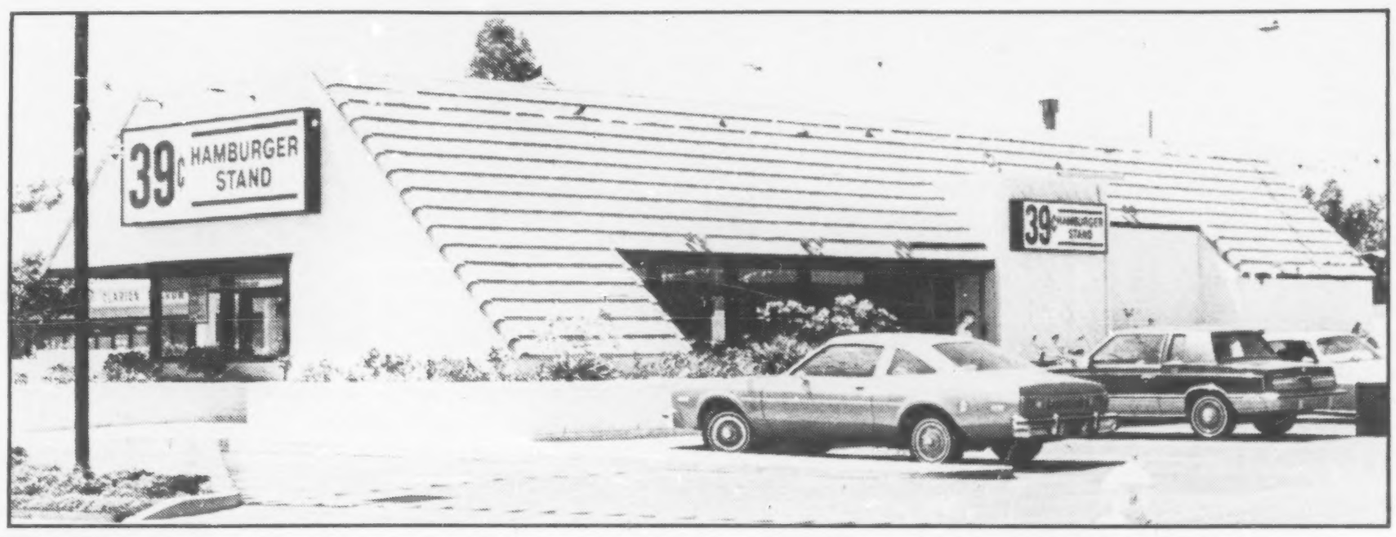
Grace Restaurant Co. chief executive Anwar Soliman said in Irvine that a definitive agreement could be reached early this month. He told *Nation's Restaurant News* that conversion of the Season's units, mostly in California and Florida, would then begin "as soon as practical," if approval could be obtained from the companies' directors, the S.E.C. and Sambo's Chapter XI bankruptcy court. The final number of Sambo's units Grace might choose to license has not been set.

Just weeks before Sambo's revealed the proposed deal with Grace, approval was granted by the Federal bankruptcy court in Los Angeles for the franchise agreement reached between Sambo's and Godfather's Pizza of Omaha. Sambo's will become Godfather's single-largest franchise operator by converting 112 of its units, also in California and Florida, into Godfather's restaurants by mid-1984.

Sixty of the conversions are due to be completed by the end of this year. Godfather's will finance the Sambo's conversions by advancing $15 million on a secured revolving basis through November 1985. Repayment would be required by 1989.

It is also not clear how the two Grace concepts would be retrofitted into the existing Season's facilities. Coco's, a coffee shop format, would appear to lend itself more easily of the two to conversions. However, the current Baxter's format—

*(Continued on page 189)*




**The Hamburger Stand's core menu item is a 1.6-oz. unadorned burger priced at 39¢.**

# Wienerschnitzel Int'l promoting new no-frills hamburger concept

**By Richard Martin**

NEWPORT BEACH, Calif.—Wienerschnitzel International's new plain-wrap fast-food concept, Hamburger Stand, has been earmarked for an expansion which could take the company far far away from its hotdog roots.

A 13-unit test of the new concept began in Los Angeles last October in converted stores and resulted in average sales at the units, 150% over what they had been doing as Wienerschnitzels.

In June, all 24 Wienerschnitzel units in Colorado were converted to the Hamburger Stand format, which features basic 39¢ burgers, fries and soft drinks.

The company reports a strong interest from prospective franchisees in the concept, and also sees it as a means of salvaging Wienerschnitzel units it would otherwise abandon due to changing market conditions. For the past year any Weinerschnitzels marked for closing have instead been converted to Hamburger Stands.

The privately held, 319-unit chain operating in 11 western states expected to end its most recent fiscal year on June 30 with systemwide sales of between $105 million-$110 million, up from $102 million.

Wienerschnitzel units posted average annual sales of about $385,000 each in the latest year; those outlets getting new burger grills—part of the average $10,000 facelift to the basic black-and-white Hamburger Stand format—are expected to score annual per-unit averages of between $720,000 and $900,000.

"There's no doubt in my mind that price/value will hold the key to fast food in the future," said marketing vp Dennis Tase. "Our theory is that generic burgers have a place right alongside hotdogs as things develop."

Harkening back to the old White Castle-type burger, Hamburger Stand's 39¢ core item is a 1.6-oz. beef patty on a plain bun with a squirt each of ketchup and mustard, plus chopped onion and sliced pickle. Fries and soft drinks are the same price; cheeseburgers are 10¢ more. Doubleburgers are 75¢; bacon-cheese burgers are 79¢, and double cheeseburgers go for 95¢. A clone of the Big Mac called the Grandstand burger is being tested and will roll soon at 99¢.

For the statewide rollout in Colorado (19 units in Denver and five in Colorado Springs) Wienerschnitzel is spending close to $500,000 through the summer on a multimedia ad blitz Dennis Tase describes as being of a frequency level "higher than any competitor has ever reached in an eight-week period in the Denver market."

Ten- and 30-second TV spots produced by Stan Freberg are accompanying 60-second radio spots, along with billboards and inserts. For the TV ads, Freberg's "hambargain" theme is depicted using a new process called Ultimatte 4, wherein restaurant scenes and people are shown in black and white, while all food items appear in color.

The company chose Colorado for the rollout partly to achieve greater initial control of the potentially lucrative Hamburger Stand concept: only 40% of the units in the state are franchised, as opposed to the systemwide average of about three-fourths franchised operations.

# Ray Kroc to receive *NRN* pioneer award at MUFSO

**By Charles Bernstein**

LOS ANGELES—Ray Kroc, who started the McDonald's chain 28 years ago at the age of 52, will receive a special award as *Nation's Restaurant News'* Multi-Unit Food Service Operator (MUFSO) pioneer-of-the-year, at *NRN*'s 24th annual MUFSO conference in the Century Plaza Hotel Oct. 9 to 12. (See pages 154-158 for feature articles on the Century Plaza.)

In a rare if not unprecedented appearance by a McDonald's executive at an industry conference, McD president and chief operating officer Michael Quinlan has agreed to appear with Kroc when the award is presented at *NRN*'s MUFSO awards banquet Tuesday evening, Oct. 11.

*NRN* inaugurated the pioneer-of-the-year award last

**Ray Kroc**

year for outstanding service and achievement in the industry, and the award went to Marriott founder and chairman J. Willard Marriott Sr. at the

*(Continued on page 189)*

FINANCIAL NEWS

# Gen. Mills restaurants approaching $1 billion in sales

ORLANDO, Fla.—The General Mills restaurant group, led by Red Lobster seafood dinnerhouses, was expected to hit the $1 billion mark in annual systemwide sales by mid-July.

The sales milestone comes just shortly after the Minneapolis-based consumer goods conglomerate posted disappointing earnings gains for its five-chain restaurant division.

General Mills Inc. said operating profit of the restaurant group rose a mere 1% to $80 million for the year-ended May 29, compared to the year before.

Group revenue rose 17% to $984.5 million from fiscal 1982.

The company blamed the limp profit gain on a weak economy which slowed traffic counts and also on costs of developing its smaller, newer concepts.

General Mills reported companywide net profits of $245.1 million, a 9% advance, on $5.6 billion revenues, a 5% gain, over 1982.

The restaurant group, which is headquartered here in Orlando, is anchored by Red Lobster Inns of America.

Red Lobster posted a 16% increase in systemwide sales to $725 million. It opened 35 new stores to finish with 363 units.

Five York Steak Houses were added during the year to total 149 as York's sales rose 12% to $162 million.

The biggest growth rates, however, came from General Mills' Mexican dinnerhouse and casual-themer entries.

Casa Gallardo added 12 units in fiscal 1983, doubling in size to 24 units. And Darryl's 1890 added 10 units to finish with 28.

General Mills' fifth chain, a quiche-and-salad concept called The Good Earth, added two units to end with 13.

# *Morrison posts 19% gain in net profit for fiscal 1983*

MOBILE, Ala.—Morrison Inc. posted a 19% gain in net profit for the year ended May 28 to $18.7 million, compared to fiscal 1982.

Revenue from 1982 to 1983 rose 15% to $421.5 million.

Fourth-quarter net profit advanced 16% to $5.6 million on an 8% revenue increase to $110.5 million, compared to the fiscal 1982 quarter.

Morrison Inc. operates 151 cafeterias and nine family buffets. It ended fiscal 1983 with 24 Ruby Tuesday causal-themer restaurants and 300 institutional food-service management accounts.

The company's unconsolidated insurance subsidiary yielded net profit of $1.3 million, a 44% improvement over the previous year.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended July 15 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 6.25 | 6.00 | 6.25 | -.13 | -1.96 | 7.88 | 3.75 | -.34 | 1.60 | -.14 | 9.01 | .05 | .21 | S | NE | -25.0 | .3 | 36.8 | .00 | .0 | 01-06-81 | 37.1 | .1 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 37.25 | 36.50 | 36.75 | -.25 | -.68 | 38.50 | 15.88 | .20 | .48 | -7.30 | 11.76 | 2.10 | .40 | N | 20.3 | 27.0 | 7.0 | 15.5 | .25 | .7 | 08-10-83 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 51.25 | 48.38 | 49.75 | -1.75 | -3.40 | 55.00 | 26.00 | -.37 | .40 | -1.46 | 57.97 | 3.43 | -.30 | S | -7.8 | -7.0 | 1.4 | 14.1 | 2.05 | 4.1 | 05-26-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 18.25 | 17.25 | 18.25 | 1.75 | 10.61 | 18.25 | 3.34 | .28 | 1.29 | 1.93 | -5.56 | .39 | -.07 | S | -14.5 | -15.0 | 2.2 | 44.5 | .12 | .7 | 07-05-83 | 78.6 | 1.7 | 1.6 | 4.40 | 5.05 | 0982 |
| Beefsteak Char | BCS | 7.88 | 7.00 | 7.00 | -.75 | -9.68 | 9.75 | 4.50 | -.85 | -.09 | -1.01 | -30.34 | .88 | .04 | S | 5.7 | 34.0 | 3.7 | 9.6 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 30.50 | 29.75 | 30.25 | -.25 | -.82 | 33.00 | 14.66 | -.03 | .27 | -4.15 | 20.75 | 1.11 | .02 | F | 1.8 | 21.0 | 6.9 | 27.3 | .30 | 1.0 | 05-09-83 | 187.5 | 13.0 | 3.0 | .00 | 6.92 | 0483 |
| Bonanza Intl Inc | BNZA | 6.38 | 5.75 | 6.25 | .38 | 6.38 | 6.88 | 1.63 | 1.13 | -.05 | 3.67 | -49.31 | .11 | .17 | Q | NC | -81.0 | 3.1 | 36.8 | .00 | .0 | 00-00-00 | 16.1 | .5 | 1.6 | 9.70 | 1.67 | 1282 |
| Brock Hotel Cp | BHC | 9.25 | 8.50 | 8.63 | -.50 | -5.48 | 14.50 | 7.50 | -.73 | -.18 | -.50 | 29.41 | .39 | -.31 | Q | -52.5 | -4.0 | 2.0 | 30.8 | .10 | 1.2 | 06-13-83 | 259.8 | 5.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 16.00 | 14.50 | 14.50 | -1.25 | -7.94 | 17.25 | 5.50 | -.31 | -2.03 | 1.65 | 1.08 | .80 | .14 | Q | 20.2 | 6.0 | 4.6 | 17.5 | .20 | 1.4 | 04-28-83 | 30.2 | 1.4 | .6 | 1.01 | 1.51 | 0282 |
| Captain Crabs | CRAB | 6.00 | 5.50 | 5.50 | -.38 | -6.38 | 6.63 | 1.00 | .32 | .46 | -3.36 | 3.92 | .00 | .00 | S | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Develop | CRL | 18.63 | 12.88 | 17.00 | 4.13 | 32.04 | 18.63 | 3.34 | .50 | .74 | 7.21 | -61.67 | .44 | .40 | N | 93.0 | 22.0 | 1.9 | 20.5 | .07 | .4 | 02-02-83 | 68.6 | 1.3 | .6 | 6.55 | 4.00 | 0582 |
| Chart House | CHHO | 37.75 | 34.50 | 34.50 | -1.25 | -3.50 | 37.75 | 17.25 | .16 | -1.71 | 2.10 | 2.42 | 2.08 | .05 | Q | 2.4 | 13.0 | 4.9 | 16.5 | .60 | 1.7 | 06-24-83 | 382.0 | 18.7 | .9 | 14.53 | 10.14 | 1281 |
| Chi-Chis | CHIC | 34.75 | 33.13 | 34.63 | -.13 | -.36 | 35.75 | 8.75 | -.11 | .81 | 4.91 | -6.10 | .55 | .34 | N | 82.9 | 26.0 | 11.7 | 46.2 | .00 | .0 | 12-20-82 | 38.6 | 4.5 | 3.0 | 2.18 | 2.26 | 0482 |
| Ch Full O Nut | CHF | 24.38 | 20.00 | 20.38 | -.75 | -3.55 | 24.38 | 12.50 | .37 | -3.15 | 1.05 | -29.80 | .34 | .10 | N | 25.0 | -8.0 | 1.4 | 40.8 | .40 | 2.0 | 12-09-82 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 28.75 | 26.75 | 27.75 | -.25 | -.89 | 29.88 | 16.75 | .11 | .09 | -1.50 | .03 | 2.19 | -.06 | S | -2.6 | 9.0 | 10.1 | 12.5 | .72 | 2.6 | 05-20-83 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 3.88 | 3.63 | 3.63 | .00 | .00 | 4.00 | 2.75 | -.02 | -.91 | .58 | 26.84 | .13 | .19 | F | NE | NE | 2.1 | 27.9 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 19.50 | 17.75 | 18.75 | .63 | 3.45 | 19.84 | 7.50 | -.21 | -.28 | -3.89 | -45.36 | 1.47 | .35 | F | 31.2 | 16.0 | 3.8 | 12.8 | .20 | 1.1 | 07-01-83 | 325.5 | 12.4 | 1.3 | 4.96 | 7.13 | 0482 |
| Consul Corp | CNSL | 18.00 | 17.00 | 17.25 | -.13 | -.72 | 18.75 | 5.88 | -.26 | -.18 | 1.81 | 4.49 | .26 | .26 | F | NC | 89.0 | 2.5 | 66.3 | .00 | .0 | 00-00-00 | 32.4 | .8 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 25.00 | 23.25 | 23.25 | -2.00 | -7.92 | 27.34 | 6.16 | -.46 | .36 | -1.25 | -16.85 | .69 | .21 | N | 31.8 | 20.0 | 3.7 | 26.7 | .13 | .6 | 07-01-83 | 35.4 | 1.3 | 1.9 | 3.57 | 4.46 | 0782 |
| Dennys Inc | DEN | 34.50 | 31.50 | 31.75 | -1.75 | -5.22 | 36.88 | 22.38 | -.11 | -.01 | 2.04 | 19.06 | 2.47 | .26 | N | 11.1 | 9.0 | 3.9 | 12.3 | .64 | 2.0 | 06-06-83 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 25.13 | 22.88 | 23.50 | -1.50 | -6.00 | 28.75 | 10.50 | -.54 | -1.37 | 2.20 | -5.16 | 1.40 | .21 | S | 16.0 | 18.0 | 9.4 | 15.5 | .28 | 1.2 | 08-15-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 22.00 | 19.63 | 22.00 | 2.00 | 10.00 | 22.00 | 7.94 | .67 | 1.95 | 6.07 | -19.93 | 1.80 | -.27 | N | -15.0 | 12.0 | 3.8 | 14.5 | .40 | 1.8 | 06-28-83 | 101.0 | 3.8 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 23.38 | 20.38 | 22.00 | 1.00 | 4.76 | 25.50 | 9.63 | -.12 | 1.39 | 1.52 | -1.48 | .65 | .01 | Q | 1.5 | 104.0 | 15.8 | 34.4 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Hambrg Hamlet | HAMB | 11.75 | 11.25 | 11.50 | -.50 | -4.17 | 12.00 | 5.50 | .25 | -.19 | .49 | 16.67 | -1.10 | -2.45 | F | -181.4 | -22.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.38 | 1.13 | 1.13 | -.25 | -18.18 | 2.00 | .88 | -1.45 | .56 | -2.57 | .00 | -12.59 | -9.67 | Q | NE | -94.0 | -89.4 | NE | .00 | .0 | 00-00-00 | 27.4 | -24.5 | .3 | 12.03 | -4.31 | 0982 |
| Hilton Hotels | HLT | 58.25 | 54.25 | 54.25 | -4.25 | -7.27 | 60.25 | 27.63 | -.03 | -.59 | -.59 | 44.13 | 3.04 | -1.10 | Q | -27.9 | .0 | 14.4 | 19.1 | 1.80 | 3.3 | 05-27-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 57.63 | 51.25 | 51.88 | -5.13 | -8.99 | 59.00 | 24.50 | .04 | -.56 | -.60 | -12.57 | 2.50 | -.18 | Q | -6.4 | 8.0 | 6.8 | 20.0 | .84 | 1.6 | 06-13-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Holiday Inns A | HIA A | .00 | 1023.97 | 83.50 | .00 | .00 | 84.00 | 38.50 | .25 | .44 | -10.86 | .00 | NA | NA | | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 31.13 | 26.75 | 27.00 | -2.69 | -9.05 | 32.34 | 8.72 | .10 | -1.72 | -2.86 | -28.39 | .74 | .23 | Q | 37.7 | 38.0 | 2.8 | 32.1 | .00 | .0 | 07-12-83 | 235.4 | 6.6 | 1.1 | 9.46 | 4.77 | 1282 |
| Hungry Tiger | HTIG | 9.50 | 8.75 | 9.00 | -.50 | -5.26 | 12.25 | 5.34 | -.39 | .68 | 1.21 | -2.37 | .78 | -.07 | S | -9.4 | 7.0 | 3.8 | 13.4 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 1.94 | 1.75 | 1.88 | .00 | .00 | 2.06 | 1.56 | -.18 | 1.01 | 3.00 | -19.34 | .47 | .00 | F | .0 | 9.0 | 2.6 | 4.0 | .12 | 6.4 | 04-12-83 | 7742.8 | 198.3 | 1.1 | .54 | 1.92 | 1682 |
| Intl Dairy Queen | INDQ | 38.50 | 35.50 | 37.00 | 1.50 | 4.23 | 40.00 | 13.00 | -.14 | -.35 | -4.98 | -1.41 | 2.17 | .68 | S | 36.7 | 31.0 | 6.3 | 14.6 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 34.00 | 25.88 | 32.13 | 5.75 | 21.80 | 34.00 | 3.50 | .49 | -.35 | .81 | -31.50 | .33 | .98 | N | 515.7 | 20.0 | 1.4 | 27.5 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 18.13 | 17.13 | 17.13 | -.88 | -4.86 | 18.13 | 5.75 | .09 | -.75 | .41 | 12.10 | .93 | .27 | S | 37.5 | 13.0 | 3.5 | 17.3 | .16 | .9 | 05-09-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 21.00 | 19.63 | 19.88 | -.63 | -3.05 | 23.50 | 12.69 | -.44 | -.65 | .90 | 8.69 | 1.40 | -.11 | N | -7.5 | 21.0 | 5.1 | 14.8 | .12 | .6 | 05-09-83 | 425.5 | 21.8 | .9 | 2.91 | 8.99 | 0682 |
| Kapok Tr Inns | KTI | 9.88 | 9.38 | 9.38 | -.50 | -5.06 | 10.75 | 3.00 | 1.35 | -.07 | -1.03 | -51.61 | -.37 | -.17 | S | NE | -46.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 18.75 | 15.75 | 18.75 | 2.88 | 18.11 | 24.50 | 10.34 | -.12 | 4.39 | 9.46 | 10.69 | .40 | .02 | F | 5.2 | 66.0 | 5.9 | 46.9 | .00 | .0 | 10-13-82 | 40.8 | 2.4 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 34.00 | 31.50 | 33.50 | 2.00 | 6.35 | 34.13 | 9.59 | .11 | .23 | .05 | -46.26 | 1.21 | 1.43 | N | NC | 17.0 | 3.4 | 23.4 | .00 | .0 | 02-16-83 | 200.6 | 6.9 | 1.9 | 5.15 | 6.67 | 0182 |
| Lubys Cafe | LUB | 32.75 | 30.88 | 31.75 | -.13 | -.39 | 33.25 | 20.50 | .12 | .53 | -.52 | 20.28 | 1.35 | .18 | N | 13.8 | 20.0 | 9.1 | 21.5 | .48 | 1.5 | 06-06-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0882 |
| Marcus Corp | MRCS | 14.38 | 13.38 | 13.38 | -1.13 | -7.76 | 15.13 | 6.75 | -.31 | -.82 | -1.91 | -44.27 | 1.13 | .06 | N | 5.1 | 4.0 | 5.7 | 11.0 | .25 | 1.9 | 07-01-83 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 77.75 | 73.75 | 75.00 | -1.00 | -1.32 | 81.00 | 33.25 | .02 | .57 | -.97 | 8.89 | 3.44 | .43 | S | 13.0 | 23.0 | 3.7 | 20.2 | .36 | .5 | 06-20-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonalds Cp | MCD | 66.50 | 63.38 | 64.00 | -1.50 | -2.29 | 74.50 | 45.69 | .10 | .01 | -3.35 | -3.57 | 5.00 | .65 | Q | 14.5 | 17.0 | 11.1 | 12.5 | 1.00 | 1.6 | 05-24-83 | 2715.2 | 300.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 21.88 | 21.13 | 21.25 | -.25 | -1.16 | 22.13 | 11.25 | .63 | .04 | -3.82 | -3.83 | 1.41 | .25 | F | 21.5 | 9.0 | 4.4 | 15.1 | .40 | 1.9 | 08-01-83 | 421.5 | 18.7 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 9.50 | 8.75 | 9.50 | .13 | 1.33 | 10.50 | 1.75 | -.56 | 1.29 | -4.27 | 42.10 | -.98 | -.42 | S | NE | -38.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 2.25 | 2.25 | 2.25 | -.13 | -5.26 | 2.75 | .72 | -.85 | .56 | -7.31 | -3.05 | .03 | .80 | N | NE | NE | .6 | 22.5 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles | NAUG | 31.00 | 29.50 | 31.00 | 1.50 | 5.08 | 31.75 | 10.13 | -.20 | 1.01 | 4.80 | 12.28 | .78 | .83 | N | NC | 47.0 | 3.9 | 37.3 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 15.25 | 15.00 | 15.25 | .00 | .00 | 18.50 | 9.00 | -.02 | .46 | 15.41 | 21.88 | .69 | -1.12 | S | -82.9 | -29.0 | .4 | 66.3 | .32 | 2.1 | 06-09-33 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 6.50 | 5.63 | 6.00 | .25 | 4.35 | 7.88 | 4.38 | -.41 | -.25 | .02 | -1.92 | -.25 | -1.94 | S | -192.0 | -28.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 15.13 | 13.38 | 14.38 | .63 | 4.55 | 15.13 | 5.50 | 1.33 | -.77 | 5.76 | -20.33 | .19 | .20 | N | NC | 81.0 | 13.8 | 71.9 | .00 | .0 | 00-00-00 | 5.8 | .8 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 17.63 | 17.25 | 17.25 | -.25 | -1.43 | 18.13 | 13.50 | .19 | -.05 | -1.23 | -30.00 | 1.39 | -.36 | N | -25.0 | 9.0 | 5.9 | 16.0 | .60 | 3.5 | 06-09-83 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 15.38 | 13.97 | 15.25 | .38 | 2.52 | 15.38 | 4.09 | .97 | 1.38 | 2.59 | 14.27 | .55 | .21 | Q | 42.0 | 4.0 | 1.3 | 21.5 | .04 | .3 | 07-12-83 | 135.1 | 1.7 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 17.50 | 16.00 | 16.25 | -.50 | -2.99 | 28.00 | 14.25 | -1.79 | -1.65 | -1.99 | 5.60 | 1.27 | .33 | Q | 40.2 | 29.0 | 7.6 | 14.1 | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 22.88 | 21.25 | 22.38 | -.50 | -2.19 | 25.25 | 9.59 | -.39 | .46 | -2.84 | -35.53 | 1.50 | .26 | Q | 20.3 | -4.0 | 2.8 | 14.5 | .33 | 1.5 | 06-08-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 11.25 | 9.88 | 10.75 | .00 | .00 | 11.88 | 4.25 | .01 | 1.52 | -1.76 | -1.05 | -.73 | -.69 | Q | NE | -44.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 547.5 | -19.9 | .6 | 18.50 | 5.12 | 1282 |
| Restaur Assc | RA | 9.88 | 9.00 | 9.38 | .38 | 4.17 | 11.38 | 3.25 | -.42 | .44 | -1.36 | -14.88 | .77 | -.06 | Q | -8.2 | 22.0 | 1.8 | 14.0 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 28.25 | 24.50 | 24.50 | -.50 | -2.00 | 28.25 | 3.09 | 1.20 | -1.82 | 1.56 | 23.93 | .33 | .06 | Q | 20.0 | 68.0 | 10.6 | 68.1 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 39.50 | 35.00 | 35.63 | .63 | 1.79 | 39.50 | 12.50 | .29 | -1.62 | -.60 | -41.39 | 1.68 | .49 | N | 30.4 | 41.0 | 1.9 | 17.0 | .36 | 1.0 | 06-02-83 | 901.0 | 16.8 | .9 | 4.26 | 8.86 | 0682 |
| Sandwich Chef | SHEF | 14.00 | 12.50 | 12.50 | -2.25 | -15.25 | 15.50 | 11.50 | -.42 | -1.84 | .44 | 40.74 | .77 | .75 | N | NC | 24.0 | 4.7 | 16.7 | .00 | .0 | 00-00-00 | 17.0 | .8 | .6 | .50 | 3.42 | 0682 |
| Sea Galley | SEAG | 14.63 | 13.88 | 14.63 | .13 | .86 | 14.63 | 5.50 | .55 | .94 | -4.18 | 16.59 | .02 | -.91 | Q | -135.8 | -33.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 17.75 | 17.00 | 17.25 | -1.00 | -5.48 | 19.75 | 7.50 | -.21 | -.13 | -6.25 | -16.18 | .74 | -.79 | F | -51.6 | 42.0 | 1.5 | 23.3 | .00 | .0 | 07-09-82 | 138.1 | 2.1 | 1.1 | 65.81 | 6.21 | 1282 |
| Shoneys Inc | SHON | 26.00 | 25.25 | 25.25 | -.50 | -1.94 | 27.38 | 12.66 | -.10 | .12 | .11 | -67.88 | .86 | .25 | S | 34.7 | 19.0 | 5.1 | 26.0 | .15 | .6 | 07-05-83 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Skippers | SKIP | 15.00 | 14.00 | 14.00 | -1.50 | -9.68 | 15.50 | 3.16 | .00 | -.07 | -2.09 | 35.34 | .48 | .46 | S | 135.2 | 16.0 | 2.6 | 17.5 | .08 | .6 | 03-31-83 | 38.1 | 1.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTZ | 16.00 | 16.00 | 16.00 | .00 | .00 | 16.50 | 10.50 | -.07 | .42 | 1.19 | .00 | .28 | .64 | Q | NE | -12.0 | .9 | 28.7 | .20 | 1.3 | 06-13-83 | 80.1 | .7 | 1.1 | 26.22 | 9.51 | 1282 |
| So Hospitality | SHOS | 6.25 | 5.25 | 6.25 | .50 | 8.70 | 7.50 | 1.38 | .18 | 3.88 | -1.43 | 11.22 | .27 | .08 | F | 42.1 | 33.0 | 3.8 | 23.1 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 9.25 | 8.13 | 9.25 | 1.13 | 13.85 | 9.25 | 2.63 | .15 | 2.07 | .23 | 5.86 | .18 | .17 | S | 283.3 | 37.0 | 1.4 | 40.2 | .00 | .0 | 05-17-79 | 57.2 | .8 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 11.75 | 11.25 | 11.38 | -.88 | -7.14 | 13.63 | 5.00 | -.13 | -.08 | -1.56 | -36.28 | -2.42 | -2.77 | F | -791.4 | -47.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 112.3 | -8.0 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 17.25 | 16.25 | 16.50 | -.88 | -5.04 | 19.63 | 9.59 | -.50 | -.02 | 1.19 | 10.52 | 1.13 | .15 | Q | 14.7 | 13.0 | 3.3 | 14.1 | .24 | 1.5 | 04-29-83 | 604.3 | 44.1 | .8 | 2.53 | 6.50 | 1282 |
| Webb Del E | WBB | 24.13 | 21.38 | 21.50 | -2.63 | -10.88 | 25.00 | 6.13 | .38 | -1.38 | -3.57 | 9.17 | .16 | -.80 | Q | -129.0 | -25.0 | .5 | NE | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 14.00 | 13.75 | 13.75 | -.25 | -1.79 | 17.50 | 8.00 | -.96 | .62 | -.85 | 29.79 | .92 | .98 | Q | NC | 3.0 | 3.1 | 14.0 | .12 | .9 | 06-03-83 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 17.13 | 16.25 | 17.00 | .50 | 3.03 | 17.13 | 6.94 | .21 | .28 | 1.61 | 13.89 | .63 | .07 | Q | 12.0 | 8.0 | 2.6 | 26.2 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# Vicorp net rises 50% in 2nd qtr.

DENVER—Vicorp Restaurants reported that net profit for the second quarter, ended in May, increased 49.8% over last year's figure to $755,000.

Restaurant sales for the quarter were up to $12 million, a 36.4% gain over last year. Revenues, which include franchise fees, were $14.2 million, a 30.3% increase.

For the first 26 weeks of the fiscal year, net profits were $1.3 million, a 56.9% change from the first half of last year.

Restaurant sales for the 26-week period were $24.8 million, a 39.4% increase, and revenues were $29.2 million, a 31.4% increase.

There were 191 restaurants (128 franchised and 63 company-operated) at the end of the second quarter, compared to 171 last year.

Those figures do not include the 59 Poppin Fresh Pies restaurants acquired from The Pillsbury Company in May for $16 million cash and $800,000 in deferred payments.

Poppin Fresh Pies and Village Inn restaurants will be Vicorp's major restaurant concepts. In the last fiscal year the 59 Poppin Fresh Pies restaurants had sales of $56.6 million.

To help pay for the acquisition of those restaurants Vicorp sold 880,000 shares of common stock in late May (at a price of about $25.62 a share) and earned more than $21 million. Of that, $15 million was used to repay short-term debt incurred in the purchase from Pillsbury, and the remainder was expected to be used to upgrade the 59 restaurants over the next two years.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Skipper's Inc. | 3 mos.<br>6 mos. | 6/12 | | | $ 11.7<br>22.2 | 31.0<br>34.5 | $ 0.551<br>0.990 | 114.0<br>270.0 |
| Morrison Inc. | 3 mos.<br>12 mos. | 5/28 | | | 110.5<br>421.5 | 16.0<br>15.0 | 5.600<br>18.700 | 16.0<br>19.0 |
| Shoney's | 3 mos.<br>6 mos. | 5/15 | | | 91.4<br>199.8 | 22.0<br>24.0 | 5.470<br>10.600 | 26.0<br>14.0 |
| Pancho's Mexican Buffet | 3 mos.<br>6 mos. | 3/31 | | | 5.7<br>11.6 | —<br>2.0 | 0.222<br>0.394 | 41.0<br>37.7 |
| General Mills Restaurant Group | 12 mos. | 5/29 | | | 984.5 | 17.0 | 80.000 | 1.0 |
| Vicorp Restaurant | 3 mos.<br>6 mos. | 5/1 | $12.0<br>24.8 | 36.4<br>39.4 | 14.2<br>29.2 | 30.3<br>31.4 | 0.755<br>1.300 | 49.8<br>56.9 |
| 1 Potato 2 Inc. | 4 mos. | 5/25 | | | 2.0 | 99.0 | (0.191) | — |
| Pizza Ventures | 3 mos. | 4/3 | | | 16.4 | 113.0 | 0.755 | 109.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

## Pancho's Mexican Buffet earnings up 41% in 2nd quarter

FORT WORTH—Pancho's Mexican Buffet, operator of three Mexican-style restaurant concepts, said that net profit for the second quarter was up 41% over last year's figure, to $222,309.

Revenues, however, dropped slightly during the quarter, compared to last year, to $5.7 million.

For the first six months of the year profit was up 37.7% to $393,794, compared to the same period last year. Revenues increased about 2% to $11,565,526.

The company said that the Spanish Galleon restaurants had lower unit volumes during the quarter and that one of the units had been closed.

But it also said that Pancho's Mexican Buffets had "very good volumes and excellent profitability."

The company also operates Emiliano's Restaurante y Cantina.

## Southern Hospitality plans public offering

NASHVILLE—Southern Hospitality Corp. said that it was proposing a public stock offering of 2.2 million shares.

Proceeds would be used to reduce debt and expand company restaurant operations.

The company would not speculate on the amount it hoped to net from the sale of stock.

This Nashville-based corporation operates 43 restaurants in Tennessee: 24 Wendy's, 12 Mr. Gatti's Pizza, five Ireland's and two Tempo's.

The announcement was made by chairman and chief executive R. Wayne Oldham.

# Skipper's net profit jumps 114%

BELLEVUE, Wash.—Skipper's Inc. has achieved a 114% increase in net profit to $551,000 for the unaudited 12-week second quarter ended June 12, compared to the same period last year. Revenues for the period were up 31% over last year to $11.7 million.

For the 24-week first half, net profit was up 270% to $990,000 on a 34.5% gain in revenues to $22.2 million, compared to last year.

Television promotion of a new $3.69 Skipper's Platter item during the quarter was a key to improved results, said president and ceo James Stone: "The success of our new seafood platter can be explained very simply. It offered our customers quality, quantity and price. In other words, a good value."

While he expects solid results for the 139-unit chain in the second half, senior vp Chris Lesourd said similar triple-digit percentage gains over last year would probably not occur in the balance of 1983. Last year's second half was strong, especially in the fourth quarter, as a result of menu modifications which included larger portions of fries.

Menu expansion so far this year has continued the trend toward higher store volumes, up from about $360,000 last year to a current annualized level of about $400,000. A $3.29 salmon basket was rolled out in the first quarter, followed by the Skipper's Platter of fish, shrimp and clams in the second period. The platter item evolved out of a $4.59 high-ticket combo which included scallops. The combo, too high priced for Skipper's target market, has been phased out.

## Shoney's net increases 26% in second quarter

NASHVILLE—Shoney's reported that its second quarter, ended May 15, was the 96th consecutive quarter in which revenues and profits were higher than the same quarter the previous year.

Net income for the quarter increased 26% to $5.47 million, while revenues went up 22% to $91.4 million.

For the first half of this fiscal year, net income rose 14% to $10.6 million, on revenues of $199.8 million, a 24% increase.

The company opened 30 new stores during the first half: six Shoney's, 12 Captain D's, and 12 Lee's Famous Recipe. At quarter's end the company had 1,023 restaurants in operation (406 company-owned and 617 franchised).

In April Shoney's netted $18.39 million from the sale of 750,000 shares of common stock at $26 a share.

# Kelly-Johnston acquires Duff's Smorgasbord for $16M

By Rurick Telberg

OKLAHOMA CITY—In a startling move one insider called "the mouse swallowing the elephant," a 23-unit Chi-Chi's Mexican dinnerhouse franchisee is acquiring a 133-unit, Ohio-based cafeteria chain.

Kelly-Johnston Enterprises Inc., Chi-Chi's biggest franchisee, is offering 934,565 shares of common stock to the owners of Duff's Enterprises Inc., of Fairfield, Ohio, which owns 24 and franchises another 109 smorgasbord cafeterias.

When the agreement in principle was signed, Kelly-Johnston's stock was trading at about $17.50, valuing the merger at $16.4 million. The transaction was expected to close later this month.

With about 6.4 million Kelly-Johnston shares outstanding before the merger, sellers at Duff's could end up with almost 15% of the Oklahoma Citv firm.

Duff's is one of the fastest-growing cafeteria chains in the nation (story, *Chain Analysis/Part 1*, page 120). And partly due to Kelly-Johnston, Louisville-based Chi-Chi's Inc. has also shown sharp expansion (story, *Chain Analysis/Part 1*, page 110).

Duff's franchisees flocked to Kelly-Johnston's Oklahoma City headquarters the day the agreement was disclosed because Kelly-Johnston offered in addition to buy back several territories.

"They are landing every 45 minutes. There's a line outside my door to talk terms," said Joe Johnston, Kelly-Johnston president.

The deal means a quantum leap in size for Kelly-Johnston, immediately doubling its revenues and earnings and changing its main role from that of a franchisee to franchisor.

For Duff's, it cuts short plans executives had to take the chain public themselves later this year or early next year.

But it also offers Homer Duff, the chairman who founded the chain in 1967 with his wife, and other owners the chance to cash in at a higher price, sooner.

Kelly-Johnston said the current Duff's management, led by Brett Hutchins, president, had agreed to continue in their posts.

The company also said that expansion plans of both divisions would remain intact.

Duff's had planned, largely via its franchisees, to open about 25 new units this year. Kelly-Johnston has Chi-Chi's restaurants in only nine of the 11 Sunbelt states for which it owns franchise rights.

"This is a real good marriage," said Hutchins. "We all get along very well personally."

Mike Kelly, Kelly-Johnston's chairman, commented, "Duff's is a super concept."

Kelly's and Johnston's familiarity with Duff's dates back to 1977. "When we were considering restaurant concepts," Johnston said, "we looked at both Chi-Chi's and Duff's. We went with Chi-Chi's, I think, because we understood the marketing better."

In Duff's first quarter ended March 27, net profits surged 134% to $343,500 and revenues slipped 28% to $9.9 million, from the year-ago period.

In the fiscal year ended Jan. 2, Duff's posted systemwide sales of $165.1 million, a 37% boost over 1981, as 16 new smorgasbords came on line to total 137 at year-end.

At the same time, Duff's net profits jumped 34% from the year before to hit $1.6 million as revenues edged up 6%.

## Pizza Hut realigning its executive staff

WICHITA—William Gagg has been named senior vice president of field operations at Pizza Hut, as part of a major realignment of top executive positions.

Gagg, the 37-year-old former central division vice president, replaces Jeff Jefferson, who resigned to become president of Luther's.

He will be responsible for all company restaurant operations—more than 1,800 stores as of mid-July—and report to Pizza Hut president Arthur Gunther.

His former position is being filled by Gene Wilson, who was Allegheny region manager.

Before Jefferson's departure, Donald Smith, who was president of PepsiCo's food-service division (parent of Pizza Hut), resigned to become chief executive officer of Chart House.

On top of that, Jonathan Prinsell, who was Pizza Hut's vice president of field administration, suddenly disclosed last month that he was resigning to become a Pizza Hut franchiseee.

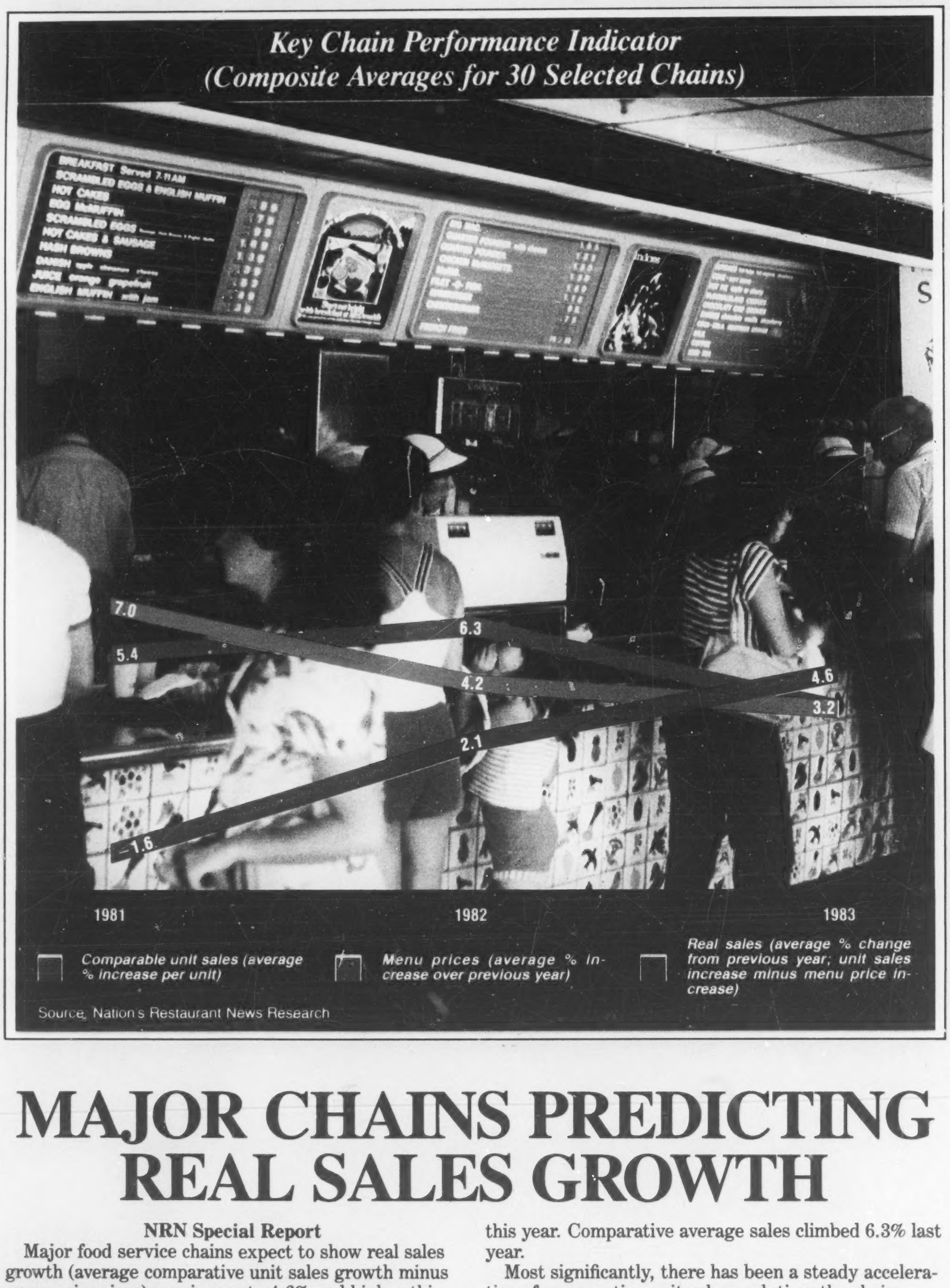
Prinsell's position has been eliminated and its three major components have been delegated to other Pizza Hut executives.

Fred Reynolds, vice president of finance, will be responsible for purchasing; Roger King, vice president of personnel, will take care of training, and Bud Gates, senior vice president of marketing, will head research and development.

There was speculation that Pizza Hut president Gunther would be leaving, but this was apparently untrue. Mike Jenkins, a company spokesman said Gunthur told a meeting of executives last month: "Don't look for it to happen in the near future because I'm having too much fun."

# NRN CHAIN ANALYSIS/PART 1

# THE TOP 100




# MAJOR CHAINS PREDICTING REAL SALES GROWTH

**NRN Special Report**

Major food service chains expect to show real sales growth (average comparative unit sales growth minus menu price rises) ranging up to 4.6% and higher this year, according to a comprehensive *Nation's Restaurant News* survey based on 30 of the top 100 volume chains.

This would indicate the recession indeed is over and a clearcut upswing is in motion—at least in the minds of the operators. This psychological fact alone, along with rising consumer confidence, could help boost customer counts.

But it well may be that the chains are being overoptimistic on some of their 1983 projected unit sales increases and that the final figures won't be as high.

In any case, the specially surveyed chains are projecting an average 7.8% comparative unit sales rise this year. Comparative average sales climbed 6.3% last year.

Most significantly, there has been a steady acceleration of comparative unit sales each time the chains have reduced their menu price rises.

A 7% average menu price rise for these chains in 1981 resulted in only a 5.4% comparative sales gain (and an actual 1.6% real sales dip). A decreased 4.2% average menu price hike in 1982 led to a 6.3% comparative unit sales boost and a 2.1% real sales increase. If the 1983 projections hold for menu price rises of only 3.2%, a 7.8% average unit sales hike is possible for a 4.6% real sales gain.

The obvious moral: Customer traffic is very responsive, both plus and minus, to the price/value scoreboard as indicated in menu price percentage increases. Since inflation is apparently under control, chains are in a position today to curb their menu price rises

# NRN CHAIN ANALYSIS/PART 1

## Corporate Ownership of Chains; Chain Diversified Ownership

**Allegheny Beverage**
Macke

**Allied Associate Distillers (London)**
Baskin-Robbins

**American Airlines**
Sky Chefs

**ARA Services**
Davre's

**Bay Bottlers**
Magic Pan, Proud Popover

**Campbell Soup**
Tuesday's, Hanover Trail, Pietro's, McDoogal's, Annie A's

**Carlson**
TGI Friday's, Country Kitchen, Radisson Hotels

**Carson Pirie Scott**
Dobbs Houses

**Chart House**
Chart House Steakhouses, Burger King (franchisee), Luthers', Cisco's

**City Investing**
Sambo's (part ownership), Servomation, Motel 6, Red Barn

**Collins Foods**
Sizzler, KFC (franchisee)

**Consolidated Foods**
Lyons Restaurants

**DeNovo**
Dog n Suds, B&K fast food, Dairy Isle Restaurants, Tastee Freez

**General Foods**
GuadalaHarry's, Crock 'n Block, White Spot (All up for sale)

**General Mills**
Red Lobster, York, Darryl's, Casa Gallardo, Good Earth

**Godfather's**
Sambo's (franchisor), Riese Bros. (franchisor)

**Golden Corral**
Sirloin Stockade, Oh! Brian's

**Greyhound Corp.**
Greyhound Food Mgt., Burger King (franchisee)

**Hanson Trust (London)**
Interstate United

**Hershey Foods**
Friendly

**H. J. Heinz**
Burger King franchisee (Puerto Rico)

**Holiday Inns**
Perkins, Pipers, Harrah's

**Horn & Hardart**
Bojangles, Arby's (franchisee), Burger King (franchisee)

**Hunt International Resources**
Shakey's

**Imasco (Montreal)**
Hardee's, Burger Chef

**Imperial Group (London)**
Howard Johnson (HoJo, Ground Round, Chatt's)

**International Dairy Queen**
Golden Skillet

**International Multifoods**
Mr. Donut, Boston Sea Party

**Jerrico**
Long John Silver's, Jerry's

**K mart**
Furr's

**Krystal**
Dav-Co (Wendy's franchisee), Po Folks

**L. D. Brinkman**
Mr. Gatti's

**Marriott**
Roy Rogers, Gino's, Big Boys, Hot Shoppes, Host International, Casa Maria, Charley Brown's

**Morrison**
Morrison Cafeterias, Ruby Tuesday

**New York Foods**
Nedick's

**Oak Brook Consolidated**
Szabo

**Ogden Corp.**
Ogden Food

**Peoples**
Pane Vino

**PepsiCo**
Pizza Hut, Taco Bell, Häagen Dazs

**Pet Inc.**
Stuckey's

**Pillsbury**
Burger King, Steak & Ale, Bennigan's

**Ponderosa**
Casa Lupita

**Ralston Purina**
Jack-in-the-Box, Continental Restaurants

**Red River Resources**
Swensen's

**R. J. Reynolds**
KFC, Service Systems, Stouffers Food Mgt., Skolnik Bagels

**Royal Crown**
Arby's

**Saga**
Stuart Anderson's Black Angus, Straw Hat Pizza, Velvet Turtle, Spoons, Grandy's—pending at presstime

**Shoney's**
Shoney's Big Boy, Town & Country, Captain D's, Famous Recipe

**Stouffer's**
Borel (Rusty Scupper)

**Taubman Co.**
A & W

**Trans World**
Canteen, Spartan Food (Hardee's franchise, Quincy's Steakhouse), Hilton International

**Trust House Forte**
Colony Kitchens, Hobo Joe's, Travel Lodge

**UAL Inc.**
Westin Hotels, United Airlines

**VICORP Restaurants**
Village Inns, Varieties, The Rose, Poppin Fresh Pies

**W. B. Johnson Properties**
Waffle House, JP Hotels, Ritz-Carlton Hotels, Pancake Houses

**Wendy's**
Sisters Chicken & Biscuits

**Wienerwald**
IHOP, Lums (under creditor control)

**Woolworth**
Burger King (franchisee)

**W. R. Grace**
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# CHAIN ANALYSIS/PART 1: BURGERS

***In the throes of the fiercest market share battle ever, fast-food burger chains are pumping more dollars into advertising and touting low-priced specials. The competition for the breakfast market has operators scrambling to roll out chainwide programs.***

## Reluctance to change gradually eroding huge customer base

### McDONALD'S

**By Joe Edwards**

OAK BROOK, Ill.—McDonald's reluctance to change with the times, combined with increased competition, market saturation and a weak economy, are contributing to a continuing erosion of the chain's customer base.

Customer traffic was off in 1982 for at least the fourth consecutive year and continues on a downward curve this year. Average unit sales for restaurants opened at least 12 months rose only 1.7% to $1.13 million in 1982, before menu price hikes were factored out.

As the increasingly saturated fast-food burger segment develops into a battleground for market share, perceived food quality and value plus the rollouts of innovative new products are becoming more important for national fast feeders. Burger King and Wendy's are discovering the food quality may well be McDonald's Achilles' heel.

They have a point. McDonald's has been stung by the failure of another new menu item, the McChicken sandwich that was rolled out in 1978-79 but removed from most stores earlier this year. The chain has not had a successful nonbreakfast new product since the Quarter Pounder's arrival in 1971; there are reports the Quarter Pounder may be discontinued. It is still to early to tell whether Chicken McNuggets, introduced in 1979, and the McRib sandwich, introduced in 1980, will remain on McDonald's menu.

McDonald's has been hurt, at least in the short term, by Burger King's aggressive and irksome "battle of the burgers" advertising strategy. Wendy's latest ad campaign emphasizes the advantages of that chain's serving system, the quality of its fresh burgers and the shortcomings of McDonald's and Burger King.

There is growing evidence that consumers are disenchanted with processed, frozen and fried foods, the mainstays of McDonald's menu. And there is nothing McDonald's offers to suggest the chain cares about growing consumer demands for foods that are lighter, fresher and healthier than standard fast food, or at least unique tasting.

McDonald's food, in fact, usually ranks third behind Burger King and Wendy's in consumer taste tests. And while other fast-food chains are busy rolling out new products that are innovative (premise-made biscuits, spicy fried chicken, salad bars, chili, croissant sandwiches), McDonald's still serves up the same predictable fare.

In theory, McDonald's two newest menu items, the McRib sandwich and Chicken McNuggets, are exciting and innovative. But in practice, they leave much to be desired. McRib is reconstituted pork that is high in fat and covered with a sugary sauce. McNuggets are flaked white and dark meat chicken pressed into bite-sized pieces and deep-fried.

One reason why the McChicken sandwich sold poorly was that processing rendered the final product very bland. Instead of serving all white meat chicken cut from a breast, as many competitors do, McDonald's combined white and dark meat, flaked it, pressed it into a patty, and fried it. And while chains such as Bojangles and Hardees make fresh biscuits on the premises, McDonald's serves a frozen biscuit.

Publicly, McDonald's officials answer criticisms of their food by saying that 10 million customers a day cannot be wrong; they insist the chain uses only the best ingredients. Privately, food quality seems to be a sore point, as was evident last fall when McDonald's sued Burger King for its ads that claimed consumers prefer Burger King's Whopper to McDonald's Big Mac by 3-to-1.

McDonald's has been criticized lately, too, for slow service; it is not uncommon to wait five or 10 minutes, especially for a Quarter Pounder or other less popular items that are not cooked in advance.

Up next for McDonald's is limited new product action. It is likely that the McChicken sandwich will be reformulated and appear again. There is talk about adding an omelet to the breakfast menu. But nagging questions persist about McDonald's ability to keep its customers happy and remain strong in years to come.

None of this is meant to suggest that anyone at Oak Brook headquarters is pushing the panic button, although Fred Turner, chairman and chief executive, admitted recently that Burger King's comparative ads have caused him some sleepless nights.

McDonald's will continue to dominate the fast-food burger segment simply by virtue of the fact that it has more than 7,259 restaurants in 31 countries and territories—about one domestic restaurant for every 40,000 Americans. Millions of people will continue to patronize McDonald's if only because it is convenient to do so.

McDonald's is the world's largest

*(Continued on page 79)*

***The brain trust:*** *At left, McDonald's founder Ray Kroc (sitting) greets admirers. At right, McD chairman Fred Turner (left) with company president Michael Quinlan (center) and chief financial officer Jack Greenberg.*

***McDONALD'S***

**(Fiscal Year Ended Dec. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Billions) | $7.1 | $7.8 | $8.6 |
| Revenues (In Billions) | $2.5 | $2.7 | $3.1 |
| Net Profit (In Millions) | $265.0 | $301.0 | $346.0 |
| Average Same Store Sales (In Millions) | $1.11 | $1.13 | $1.15 |
| Average Per Person Check* | $2.60 | $2.80 | $3.00 |
| Number of Units | 6,739 | 7,259 | 7,760 |
| % Menu Price Increase | 14.0% | 7.0% | 5.0% |

Source: *NRN* Research **NRN* Estimate

***For the first quarter*** *ended March 31, McDonald's reported a 13% gain in net profits to $65.9 million compared to the same period a year ago. Systemwide sales for the quarter rose 8% to $1.8 billion.*

***CHECK AVERAGES ON THE RISE***

**Average Check Per Person**

| Chain | 1981 | 1982 | 1983* |
|---|---|---|---|
| McDonald's | $2.60 | $2.85 | $3.10 |
| Hardee's | 2.08 | 2.10 | 2.40 |
| Church's | 2.68 | 2.85 | 3.00 |
| KFC | 3.20 | 3.35 | 3.50 |
| Popeyes | 3.70 | 3.80 | 3.90 |
| Bojangles | 2.85 | 2.90 | 2.99 |
| Arby's | 2.12 | 2.16 | 2.23 |
| Bonanza | 4.15 | 4.38 | 4.44 |
| Sizzler (Collins) | 5.44 | 6.12 | 6.43 |
| Quincy's (Spartan) | 4.24 | 4.57 | 4.66 |
| Frisch's | 3.49 | 3.43 | 3.65 |
| Village Inns | 3.00 | 3.40 | 3.50 |
| Morrison | 3.64 | 3.94 | 4.17 |
| Luby's | 3.49 | 3.74 | 3.93 |
| Piccadilly | 3.27 | 3.36 | 3.49 |
| Chi-Chi's | 6.50 | 7.00 | 7.50 |
| Ramada Inns (Coffee Shops) | 4.64 | 4.66 | 4.75 |

Source: *NRN* Research **NRN* Estimate

## Chain restaurants clearly on the rise

Emerging from the mass of numbers gathered for this year's Chain Analysis is a picture of a chain restaurant industry that is slowly continuing to expand its strong hold on the eating-away-from-home market.

The key statistic documenting this seemingly inexorable movement is noted in the table below. The Top 100's share of total commercial food-service sales for 1983 is projected at 45.8%.

The many charts, tables, graphs in this year's section have another important significance. In total, they paint a rosier real growth picture for the current year than for any recent period.

Though projected comparative unit sales growth appears lower percentage-wise than in some recent years, menu price increases should be even slighter, with resulting real growth.

***TOP 100 CHAINS GRAB WIDER MARKET SHARE***

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Total Commercial Food-Service Sales (Billions) | $105.8 | $112.8 | $122.6 |
| Total Top 100 Volume Chain Sales (Billions) | $45.2 | $50.4 | $56.1 |
| Top 100's Per Cent Of Total Sales | 42.7% | 44.7% | 45.8% |

Source: *NRN* Research **NRN* Projection

# CHAIN/ANALYSIS/PART I: BURGERS

## *Capturing both attention and patrons with innovative strategy*

### BURGER KING

MIAMI—Burger King is still the most-talked-about, fast-food burger chain because of its on-going "battle of the burgers" ad campaign. But other moves, less sensational but potentially more important, are being made at the No. 2 burger chain.

With a new executive team headed by Jeffrey Campbell, a 39-year-old marketing expert, in place, Burger King is expanding its presence in institutional markets. The company has signed an agreement to open at least 50 franchised units in Woolworth's general merchandise stores and develop units with Howard Johnson on turnpikes.

Burger King is also opening restaurants on college campuses, military bases and in bus terminals, and has signed Truckstops of America as a franchisee. With saturation a growing problem for fast feeders, such nontraditional sites will take on greater importance in years to come. The chain also plans more international growth; it has only 200 restaurants overseas.

A salad bar is being rolled out nationwide this summer and Burger King, in addition to its current "broiling beat frying" ad campaign, has been promoting its fish, chicken and bacon cheeseburger sandwiches. The chain is also keeping drive-thru windows open very late or around the clock and is keeping its restaurants open past midnight in some areas.

These moves are designed to improve profit margins, which lag at about 15% of sales, at its 3,400 restaurants and to close the average unit sales gap that continues to exist between Burger King and its top rival, McDonald's. Burger King reports average franchised units have annual sales of $800,000 and company-owned units $900,000, compared to $1.1 million average unit sales at McDonald's.

Burger King has been trying to close that gap for several years, but it wasn't until the "battle of the burgers" ad campaign was launched last fall that the chain began posting impressive unit sales gains.

Real sales were up between 6% and 16% in the months the ads ran on network TV and Burger King obviously hopes to hold on to some of the new customers who came along to see what all the fuss was about.

Burger King executives are aware, however, that they must develop a unique breakfast menu before the chain catches McDonald's in average unit sales. Breakfast accounts for about 18% of McDonald's total sales. There is no uniform breakfast program in place at Burger King.

The salad bar presents a challenge since they are difficult to operate well and involve high-labor costs. Burger King, which prides itself on food quality, cannot afford a substandard salad bar, especially when Wendy's and Roy Rogers, two other main competitors, are credited with having high-quality salad bars.

Despite all the brouhaha about taste tests in which customers stated a preference for Burger King product, Burger King has a reputation for inconsistent food quality.

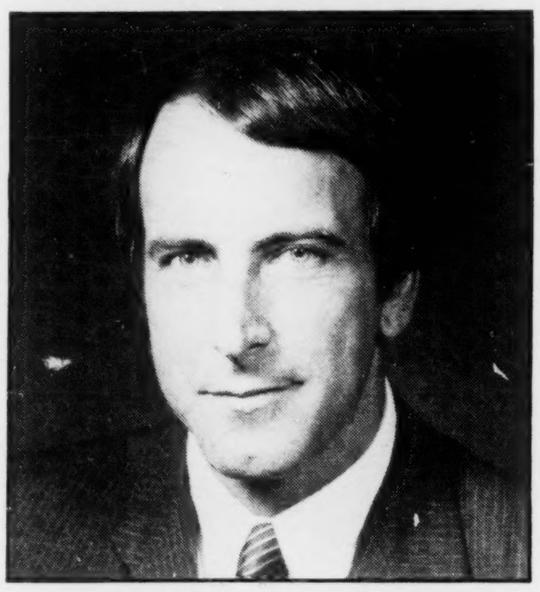
There's also a problem of inconsistency at company headquarters. Norman Brinker is the latest top executive to leave after less than a year on the job. He has been replaced as chairman and chief executive by Campbell.

***BURGER KING***

**(Fiscal Year Ended May 31)**

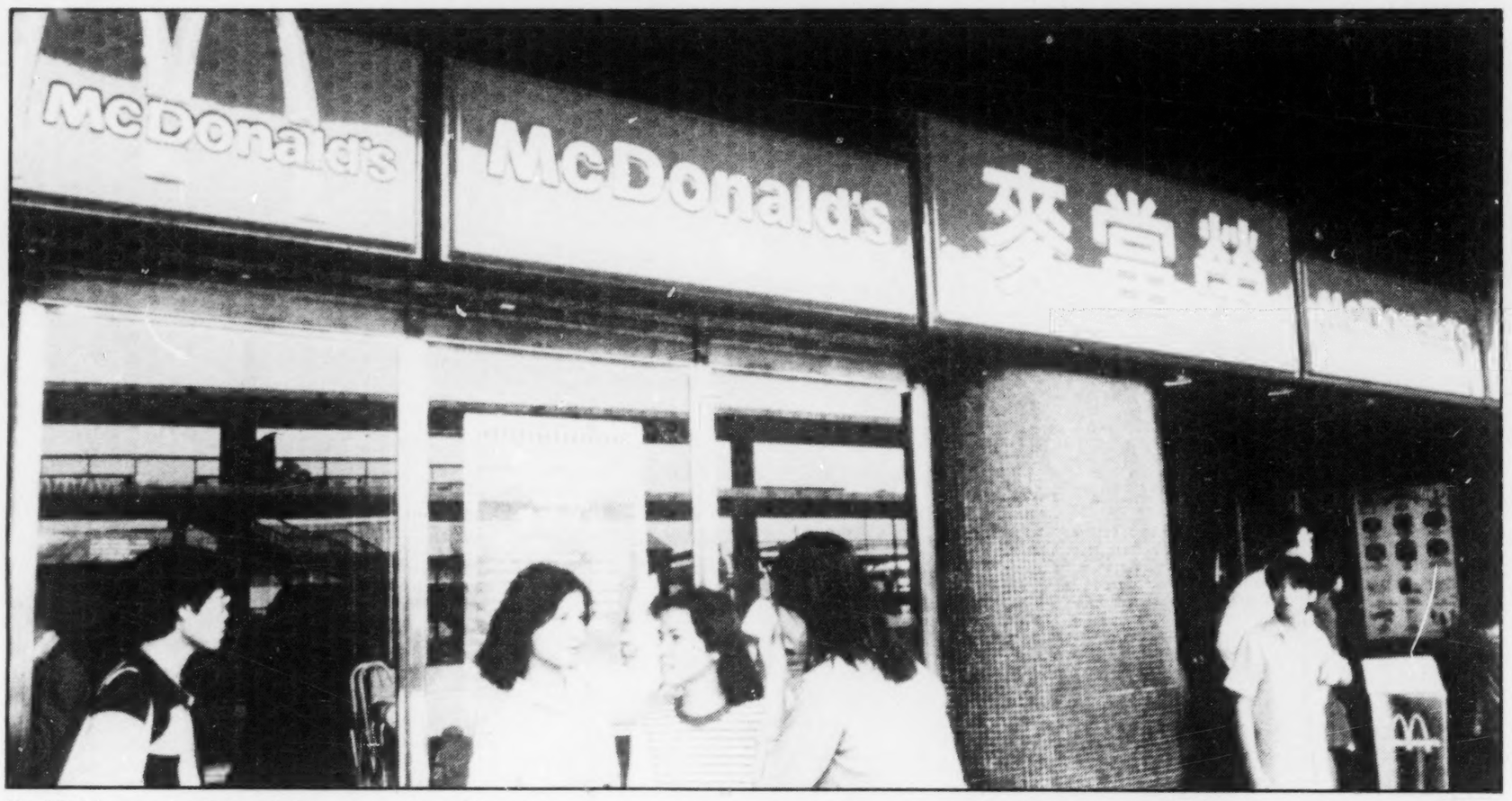
| | 1981 | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|---|
| Systemwide Sales (In Billions) | $2.1 | $2.4 | $2.5 | $2.8 |
| Average Same Store Sales | $728,000 | $751,000 | $800,000 | $850,000 |
| Average Per Person Check | | | | |
| Number of Units | 3,022 | 3,255 | 3,400 | 3,665 |
| % Menu Price Increase | | 4.0% | 2.0% | |

Source: *NRN* Research **NRN* Estimate



**Jeffrey Campbell**
*chairman, ceo, Burger King*

**Jerry Ruenheck**
*president, Burger King*




***Worldwide penetration:*** *McDonald's unit in Hong Kong is one of 1,341 overseas restaurants in the chain.* ***Foreign sales topped $1.4 billion in 1982.***

## *No. 1 chain standing pat; traffic off*

### McDONALD'S

*(Continued from page 78)*

food-service organization and controls 7% of the domestic restaurant market, 18% of the fast-food market and 45% of the fast-food hamburger market.

The company's bottom line is healthy (net profits rose 13% to $65.9 million in the first quarter), systemwide sales are strong (they will easily break the $8 billion mark this year), and margins are enviable (about 16% of sales at company-owned units).

Funds from operations rose 18% to $528 million in 1982 and in the 10-year period ended last Dec. 31 the compound annual growth rate in net income was 24%. Nearly 4,200 units reported sales in excess of $1 million in 1982.

Even though unfavorable exchange rates have hurt the profitability of the company's foreign operation, sales at 1,341 foreign restaurants topped $1.4 billion in 1982. With many domestic prime sites gone, McDonald's will open a greater percentage of its 500 annual new restaurants in foreign markets in years to come.

The greatest concentration of McDonald's international restaurants are in Canada (417 units), Japan (346), Australia (137), Germany (169) and Great Britain (96). McDonald's is moving into new markets such as the Far East, Eastern Europe, the Middle East, South America, Central America, Italy, Finland and Norway.

***COMPARATIVE UNIT SALES GROWTH FOR SELECTED CHAINS***

| Chain | 1981 Average Unit Sales (000) | 1982 Average Unit Sales (000) | Per Cent Change | 1983 Average Estimated Unit Sales (000) | Per Cent Change |
|---|---|---|---|---|---|
| Jack-In-The-Box | $ 568 | $ 613 | + 8.0% | $ 661 | + 8.0% |
| Collins (KFC Franchisee) | 391 | 436 | +11.0 | 450 | + 3.0 |
| Bojangles | 850 | 1,050 | +23.0 | 1,160 | +10.0 |
| Dunkin' Donuts | 343 | 376 | +10.0 | 402 | + 7.0 |
| Straw Hat Pizza | 474 | 499 | + 5.0 | 520 | + 4.0 |
| Pizza Inn | 322 | 357 | +11.0 | 410 | +15.0 |
| Shakey's | 425 | 446 | + 5.0 | 458 | + 3.0 |
| Bonanza | 582 | 619 | + 6.0 | 850 | + 5.0 |
| Sizzler (Collins) | 708 | 810 | +14.0 | 865 | + 7.0 |
| Denny's | 850 | 950 | +12.0 | 1,000 | + 5.0 |
| Shoney's Big Boy | 1,000 | 1,048 | + 5.0 | 1,120 | + 7.0 |
| Furr's | 1,530 | 1,610 | + 5.0 | 1,720 | + 7.0 |
| Red Lobster | 2,000 | 2,100 | + 5.0 | 2,200 | + 5.0 |
| Chi-Chi's | 2,400 | 2,500 | + 4.0 | 2,600 | + 4.0 |

Source: *NRN* research

# CHAIN ANALYSIS/PART 1: BURGERS

# *Main Marriott growth vehicle racing for No. 5 position*

## ROY ROGERS

BETHESDA, Md.—In three years, Roy Rogers has grown from a small, low-profile fast-food chain specializing in roast beef sandwiches into a regional hybrid family restaurant giant with more than 600 units clustered along the Eastern Seaboard from Connecticut to Washington.

The metamorphosis will be complete by the end of the year, at which time there will be 458 company-owned and 155 franchised units, about double the size of the chain in 1981. Average unit sales, which are about $950,000 at company-owned units, will get a boost when the long-delayed breakfast menu is rolled out chainwide in the fall.

Roy Rogers is considered by parent Marriott Corp. as the main growth vehicle in the company's diversified restaurant group, which includes 197 company-owned and 980 franchised Big Boy family restaurants; 26 Casa Maria Mexican dinnerhouses; 25 Charley Brown's and Charley's Place restaurants; 7 other specialty dinnerhouses; 12 highway restaurants; 23 Hot Shoppes, and 14 Big Boy Jr.'s.

Marriott's restaurant group reported a 26% rise in operating income to $48 million in 1982 vs. 1981. Sales last year rose about 22% to $547 and are expected to reach $710 million this year.

Roy Rogers itself is the sixth-largest fast-food burger chain behind McDonald's, Burger King, Wendy's, Hardee's and Arby's, and may overtake Arby's for the No. 5 spot in sales by the end of the year.

Though classified in the fast-food burger segment, Roy Rogers has a highly diversified menu; the concept is part fast food, part family restaurant. The top three best-selling menu categories are burgers, chicken and roast beef, with each accounting for about the same per cent of sales.

The chain also offers a salad bar, desserts, and large roast beef and hot ham and swiss specialty sandwiches, which were the latest additions to its menu. Five different breakfast menus including an all-you-can-eat breakfast buffet a la the type that has been successful at some Big Boy units are being tested.

Steve Reinemund, newly appointed Roy Rogers vice president and general manager, says a decision will be made by this fall on which breakfast program will be rolled out systemwide.

***First in N.Y.C.:*** *Fast-growing Roy Rogers recently opened its first unit in Manhattan, shown above.*

Roy Rogers fast-paced expansion was made possible by Marriott's acquisition last year of Gino's Inc. Marriott is converting 179 Gino's to Roy Rogers and is selling the other Gino's units to chains such as Kentucky Fried Chicken, Pizza Hut and Dunkin Donuts.

Though expansion will slow considerably when the final Gino's is converted later this year, the company expects to continue filling in the gaps in its primary market on the Eastern Seaboard and then expand into other areas, probably the Southeast, through further acquisitions and a stepped-up franchising program.

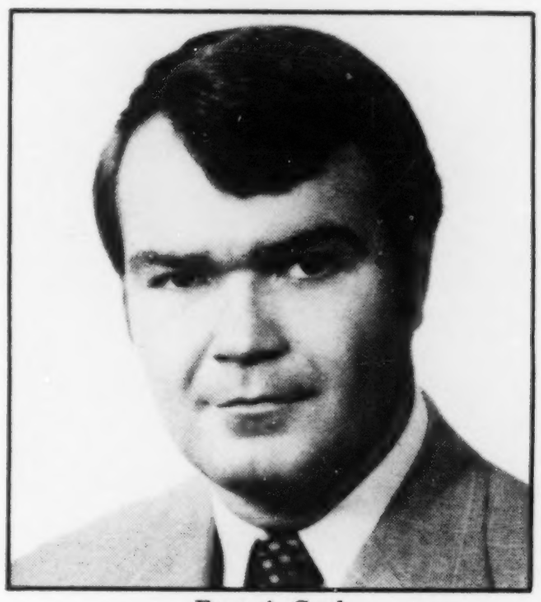
Roy Rogers has penetrated some markets enough to warrant TV advertising. The company has been promoting its fried chicken lately, in part because "with the void created by Gino's exiting, we felt we should emphasize chicken," Reinemund says. Gino's sold Kentucky Fried Chicken products in its restaurants.

Reinemund says he feels the fast-food burger segment is saturated in some areas but quickly adds that "Burger King's recent success shows there's a lot of opportunities in the burger segment."

Average unit sales "started perking up" in 1982's fourth quarter after about a year of flatness. The rebound has continued through the first six months of this year, according to Reinemund. Menu prices have remained steady for about a year, indicating that Roy Rogers is one of the few fast-food chains to be experiencing real sales growth—sales adjusted for inflation.

Marriott does not break out sales or profit figures for its individual restaurant chains, but a spokesman says that profits in 1982 improved in all divisions, especially Roy Rogers and the specialty dinnerhouses.

A remodeling program improved sales and profitability at Marriott specialty restaurants, according to a spokesman. Three or four Casa Maria's will be added this year on the East Coast. Profits at West Coast Big Boys have improved slightly. On the East Coast, a new breakfast bar, sandwiches and hot entrees have been added to Big Boy restaurants.



***Francis Cash***
*executive vp, Roy Rogers div.*

***Forward, Ho!:*** *Currently the sixth largest fast-feeder, it may soon overtake No. 5 ranked Arby's in total sales. Above: Namesake Roy Rogers, whose occasional personal appearances at store openings always draws big crowds and the press.*

### *MARRIOTT CORP.*

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| **Sales (Millions):** | | | |
| Hotels** | $821.0 | $1,091.0 | 1,400.0 |
| Contract Food Services | $599.0 | $820.0 | $1,100.0 |
| Restaurants*** | $446.4 | $547.0 | $710.0 |
| Theme Parks & Cruise Ships | $95.0 | $82.0 | $100.0 |
| Total Sales (Billions) | $2.0 | $2.5 | $3.3 |
| Net Income (Millions) | $86.0 | $94.3 | $104.0 |
| **Operating Income (Millions):** | | | |
| Hotels | $115.0 | $133.0 | |
| Contract Food Services | $45.5 | $51.0 | |
| Restaurants | $38.5 | $48.0 | |
| Theme Parks & Cruise Ships | $17.7 | $20.0 | |
| Total Operating Income (Millions) | $219.0 | $252.0 | |
| **Number of Units:** | | | |
| Hotels** | 98 | 118 | 130 |
| Hotel Rooms** | 40,554 | 49,600 | 54,700 |
| U.S. Flight Kitchens | 45 | 51 | 51 |
| International Flight Kitchens | 25 | 24 | 24 |
| Airport Concessions | 27 | 45 | 45 |
| Nonairport Merchandise Shops | † | 5 | 5 |
| Business Feeding | 115 | 140 | 150 |
| Health Care Feeding | 94 | 99 | 110 |
| School Feeding | 22 | 20 | 20 |
| Highway Restaurants†† | 14 | 14 | 12 |
| Big Boy††† | | | |
| Company | 197 | 197 | 197 |
| Franchised | 955 | 980 | 980 |
| Roy Rogers†††† | | | |
| Company | 238 | 326 | 458 |
| Franchised | 97 | 112 | 155 |
| Hot Shoppes | 24 | 23 | 23 |
| Big Boy Jrs. | 14 | 14 | 14 |
| Casa Maria† | | 22 | 26 |
| Charley Brown's & Charley's Place† | | 22 | 25 |
| Other Specialty Restaurants† | | 7 | 7 |
| Theme Parks | 3 | 2 | 2 |
| Cruise Ships | 3 | 3 | 3 |

Source: *NRN* Research

**NRN* Estimate

**Includes all domestic and foreign hotels, resorts and franchised inns.

***Food and beverage sales at hotels are included in hotel sales.

†Marriott Corp. acquired Host International in 1982. Host owned and operated airport concession stands, specialty dinnerhouses, flight kitchens and hotels, all of which have been integrated into Marriott.

††Marriott Restaurants are situated on toll roads in Delaware and New Jersey and are operated by the Food-Service Management division. Two of those restaurants have been converted to combination Big Boy coffee shops and Roy Rogers fast food are now under the Restaurant Group.

†††About 375 franchised Big Boy restaurants do not pay franchise fees to Marriott because of the way the original franchise contracts were written prior to Marriott's acquisition of the chain in the 1960's. There are about 20 different Big Boy operators in various parts of the country.

††††Marriott acquired Gino's Inc. in 1982, which included 313 Gino's fast-food units, 45 franchised KFC units, 112 Rustler steakhouses, and 70 closed restaurants. 179 Gino's will have been converted to Roy Rogers restaurants by the end of this year. It has sold 69 Gino's-KFC units to KFC Corp. and the Rustler units to Tenly Enterprises and Sizzler. The remaining units are for sale. Roy Rogers average per person checks are about $3.25, the same as last year. Menu prices were increased about 7% in 1982 but will not be raised this year.

***In the first quarter*** *of 1983 ended March 25, Marriott Corp. reported a 14% gain in net profits to $19.2 million on a 23% rise in systemwide sales to $635 million.*

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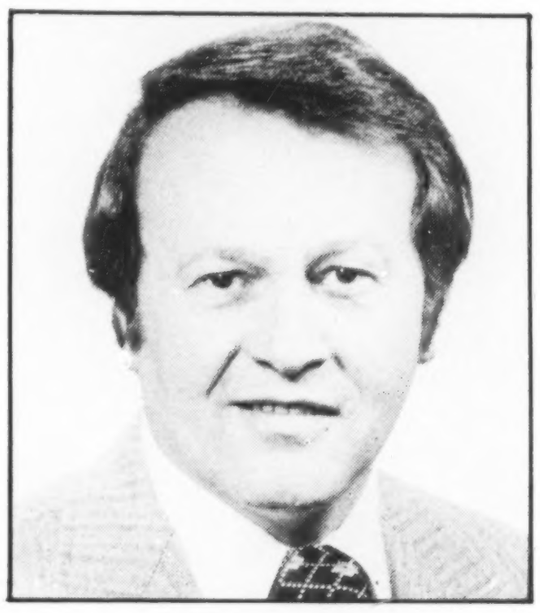
# CHAIN ANALYSIS/PART 1: BURGERS

## New No. 3 burger chain seeking to broaden its market

### HARDEE'S

ROCKY MOUNT, N.C.—As franchisees of 300 remaining Burger Chef units ponder whether to join the Hardee's system, Hardee's executives here are considering menu changes to broaden their market.

Specialty sandwiches, some of them adopted from Burger Chef,



**Jack A. Laughery**
*president, Imasco U.S.A.*

have been the biggest boosters of sales-per-store increases. Comparable unit sales are running 13% over year-ago levels at Hardee's units—$745,000—including a bare 1% menu price hike.

Hardee's is now getting significant volume from its roast beef, ham and cheese, fish, chicken and breakfast sandwiches. Executives reportedly feel it's time to upgrade the hamburger offering. Already they have borrowed the chicken sandwich and mushroom burger from Burger Chef.

Meanwhile, many Burger Chef franchisees are clearly unconvinced that they should convert their stores to Hardee's.

A year after Hardee's took over Burger Chef, only 28 franchised Burger Chefs had been made over. Another 87 had left the system altogether. And Hardee's now seems in danger of losing a block of franchised Burger Chefs in northeastern Ohio, where the operators run competing concepts.

Nevertheless, Hardee's had converted all but 81 of 250 company Burger Chefs by the end of fiscal 1983 in March. And by June, only franchised Burger Chefs were left. On that basis alone, Hardee's clearly got its $44 million worth.

Hardee's puts conversion costs at $70,000, but franchisees estimate that some of their units, the older ones, could cost up to $135,000 to convert. Sales, they say, taper off to preconversion levels after an initial surge.

Yet Hardee's remains healthy. Its marketing plan, adjusted in the last two years, calls for broadening its appeal past the 25-45-year-old market. It has had great success with special children's packages, which it borrowed from Burger Chef.

***HARDEE'S***

**(Fiscal Year Ended March)**

| | 1981 | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|---|
| Systemwide Sales (In Billions) | $0.9 | $1.1 | $1.7 | $1.9 |
| Revenues (In Millions) | $433.3 | $537.1 | $806.8 | $915.9 |
| Operating Profits (In Millions) | $33.0 | $42.0 | $60.3 | $68.7 |
| Average Same Store Sales** | $600,000 | $660,000 | $745,000 | $864,000 |
| Average Per Person Check** | $2.07 | $2.08 | $2.10 | $2.14 |
| Number of Units | | | | |
| Hardee's Food System | 1,304 | 1,425 | 1,736 | 1,967 |
| Company | 467 | 515 | 729 | 835 |
| Franchised | 837 | 910 | 1,007 | 1,132 |
| Burger Chef System | | 700 | 380 | 299 |
| Company | | 250 | 81 | 0 |
| Franchised | | 450 | 299 | 299 |
| Specialty Food Service | 34* | 40* | 38* | 38 |
| % Menu Price Increases** | 0.0% | 0.0% | 1.0% | 2.0% |

Source: *NRN* Research **NRN* Estimate ******Hardee's units only

***Imasco U.S.A.*** *is the holding company of Hardee's Food Systems Inc., Burger Chef Systems Inc., Fast Food Merchandisers Inc., a restaurant supplier, and Specialty Food Service, an operator of food-service management accounts.*

***Unit projections*** *assume the size of the Burger Chef franchised system will remain unchanged after all company-owned Burger Chef units are converted to Hardee's.*

***Per-person check*** *and weighted price increase averages assume that breakfast, which yields a lower ticket, will continue to grow as a share of volume.*

In the TV battle of the burgers among Burger King, McDonald's and Wendy's, Hardee's emerged claiming the No. 3 spot from Wendy's in systemwide sales.

Merging Hardee's and Burger Chef has left stretch marks, however. The reorganization of Hardee's into a holding company called Imasco U.S.A. pushed John Martin, president of Burger Chef, to president of the Hardee's division. But Martin left to join Pepsico as head of a bakery company, leaving Jack Laughery, president of Imasco U.S.A. as the head of Hardee's again. Jim Chronley remains head of Burger Chef in Indianapolis.

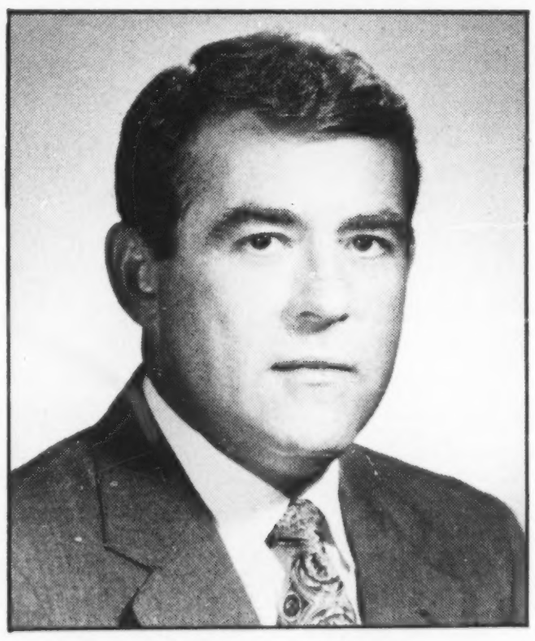
Imasco U.S.A. now accounts for 55% of Montreal-based parent Imasco Ltd.'s revenues and 50% of its operating profits.

## Newfound 'big league' image hones Wendy's advertising bat

### WENDY'S

DUBLIN, Ohio—One of the many sidelights of the "battle of the burgers" has been Wendy's sudden arrival in the "big leagues" as far as consumer perception is concerned. Even though Wendy's has been a major competitor in the fast-food burger segment, consumers never believed the chain was as big as McDonald's or Burger King.

It's not, but thanks to Burger King's ads last fall and winter which mentioned Wendy's and McDonald's,



**Robert L. Barney**
*chairman and ceo, Wendy's*

that has changed. And now Wendy's is trying to capitalize further on its newfound reputation by waging an ad war of its own.

Wendy's is in the midst of a $75 million ad campaign that, according to William Welter, senior vice president of marketing, will end the burger battle once and for all. Whether that will happen is doubtful, but the ads are allowing Wendy's to score some points against its rivals.

Since its inception, Wendy's has positioned itself as the "quality leader" in the fast-food burger segment. The new ads drive home that point, telling consumers Wendy's makes fresh burgers daily, cooks them to order and provides services and amenities not usually found in fast-food restaurants.

The ads are in keeping with Wendy's strategy to build its market share and give a boost to soft unit sales. The chain's customer traffic has been off and average unit sales rose only 4% in 1982 to $703,000, vs. about $800,000 at franchised Burger Kings and $1.1 million at McDonald's. The 15% rise in systemwide sales and the 24% jump in revenues came from new restaurants and price hikes.

Wendy's has also been displaced as the No. 3 burger chain by Hardee's. Wendy's has several hundred more units than Hardee's, but systemwide sales in 1982 were $1.6 billion, compared with $1.7 billion at Hardee's. Unit volumes at Hardee's are about $40,000 higher than Wendy's.

***WENDY'S***

**(Fiscal Year Ended Dec. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Billions) | $1.4 | $1.6 | $1.7 |
| Revenues (In Millions) | $489.0 | $608.0 | $620.0 |
| Net Profit (In Millions) | $36.9 | $44.1 | |
| Average Same Store Sales | $674,000 | $703,000 | $750,000 |
| Average Per Person Check* | $1.95 | $2.15 | $2.20 |
| Number of Units | 2,229 | 2,430 | 2,680 |
| % Menu Price Increase | 8.0% | 3.0% | |

Source: *NRN* Research **NRN* Estimate

***Wendy's reported*** *a 25% rise in net profits to $10 million on an 11.6% rise in revenues to $153.5 million in the first quarter ended March 31, compared with the same period a year earlier. Systemwide sales rose 11.3% to $406 million.*

As it fights to build market share and improve profit margins, which rose to about 18% of sales last year from 16.7% in 1981, Wendy's is offering a more complete dining experience than many of its competitors.

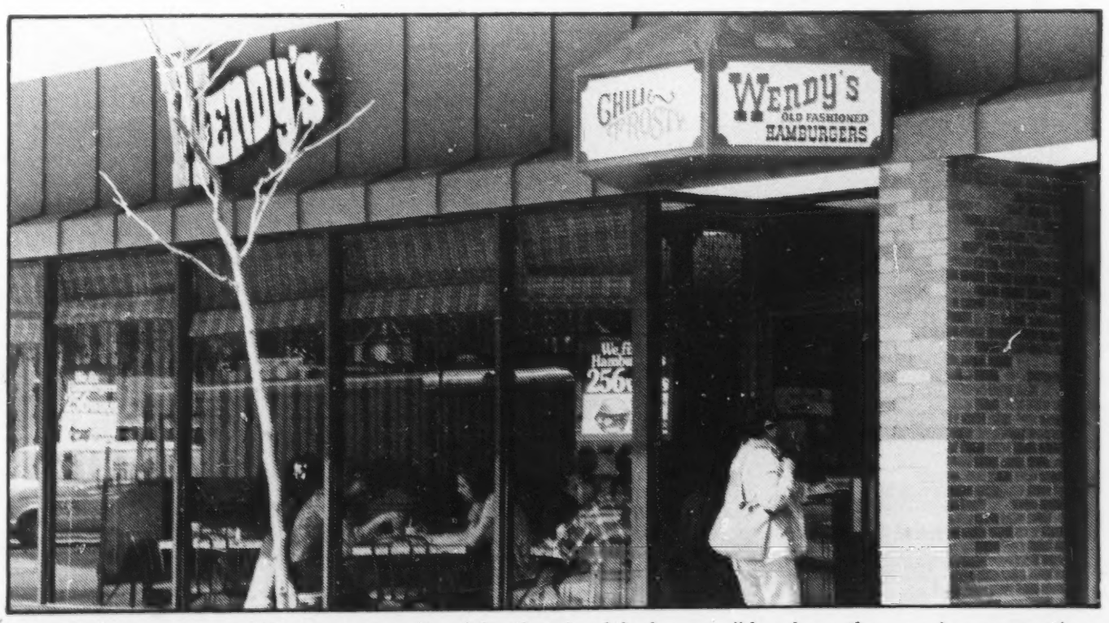
The chain is rolling out a taco salad and has enlarged its salad bar. Nearly 500 units have a new fish sandwich and most offer the low-cost and fast selling chili and a premise-breaded boneless chicken breast sandwich. It also rolled out a bacon cheeseburger earlier this year.

Wendy's is testing dinner platters at 11 restaurants in Cincinnati and is developing a breakfast menu which is offered in some parts of the country. The dinner entrees include chopped beef and mushrooms; chicken parmesan, and country beef and gravy. Each comes with a salad and potatoes.

Several hundred stores have already taken part in an ongoing image enhancement program that includes new signs, exteriors and dining room decor.

Wendy's plans to open 250 restaurants worldwide this year. It still has not made a significant move into overseas markets; of the chain's 125 international units, 70 are in Canada.

Wendy's is also developing Sisters Chicken and Biscuits, an upscale fast-food chicken concept that serves spicy or mild chicken, biscuits, coleslaw, baked beans, cob corn, fried potato wedges, spicy rice, creamed chicken and strawberry shortcake.




***The big league:*** *One of the many results of the "battle of the burgers" has been the growing perception of Wendy's as a "big league" contender by consumers.*

# CHAIN/ANALYSIS/PART I: BURGERS

## *Stiffer competition forcing a sharper marketing focus*

**ARBY'S**

ATLANTA—While Arby's is basking in the glow of growing unit volumes and the past year's successful sandwich rollouts, execs say the coming year will be influenced by the number of chains pushing roast beef sandwiches, still 65% of Arby's menu.

Conversion of Burger Chefs to Hardee's units has increased the number of Hardee's units selling roast beef to 1,736 stores, says director of marketing Larry Krueger, and regional chains such as Rax in the Midwest and Roy Rogers in the Northeast will make it necessary for Arby's to sharpen their marketing tools and break with a new advertising campaign this fall.

Also this fall the chain will add a new specialty sandwich to their line of chicken and deli sandwiches. The new bacon roast beef cheddar sandwich is meant to keep licensees on the promotional high they have experienced since the inception of the specialty sandwiches earlier this year.

Last month Arby's rolled out the Adventure Meal, a boxed roast beef and fries package for kids, and advertised it to parents as a convenience item. But new product emphasis for 1983 and beyond will be on barbecued chicken, ribs and accompaniments which have just moved from a single market test to a four market test, but will not be rolled out until 1984, said Krueger.

Expansion plans call for 75 new units before the end of 1983, with roughly a third in smaller markets and two-thirds fleshing out major markets.

Most licensees will not take price increases this year, said Krueger, since past increases have led customers to skimp on high profit items such as fries and drinks.

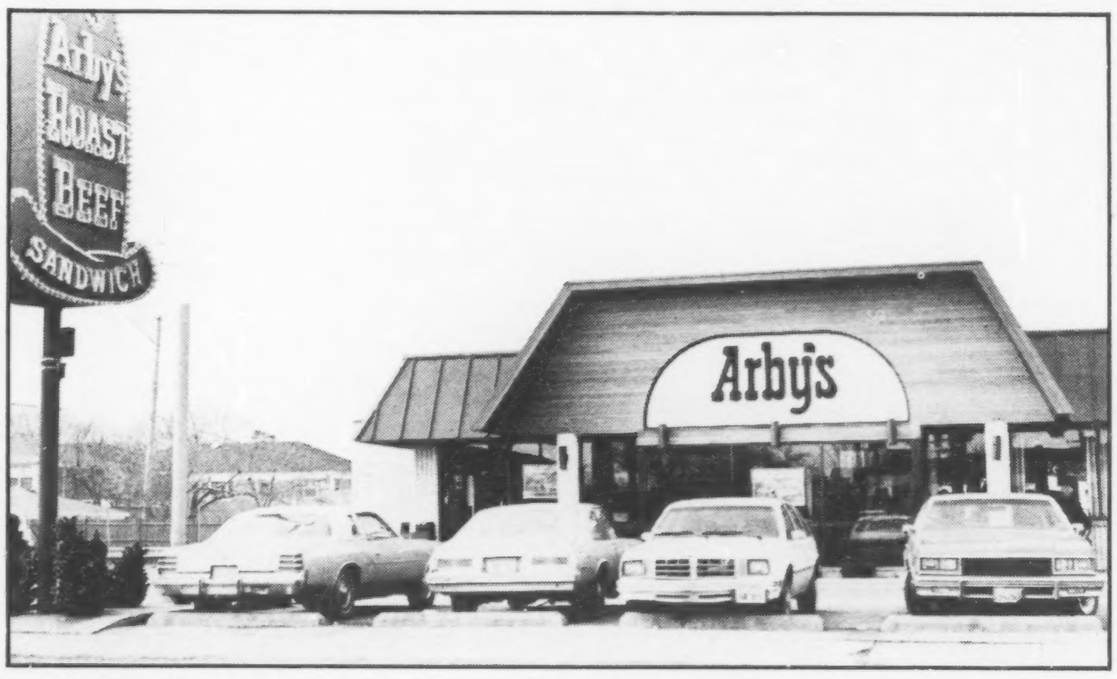
Average sales per unit are expected to rise from $500,000 to $550,000 for 1983.

***ARBY'S***

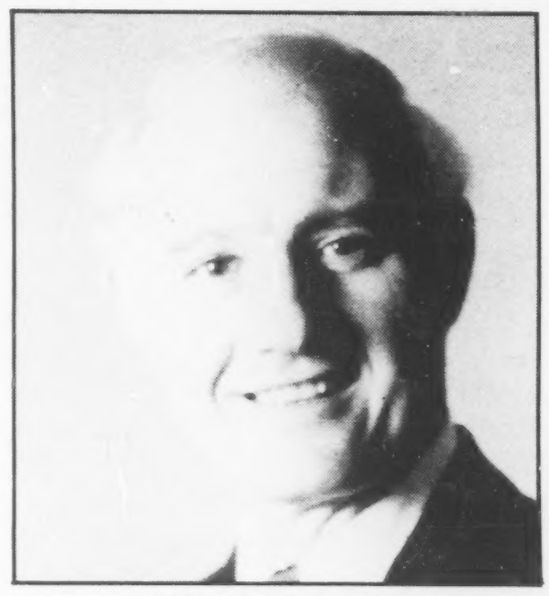
**(Fiscal Year Ended Dec. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $527.0 | $575.0 | $700.0 |
| Revenues (In Millions) | $70.1 | $83.6 | $95.0 |
| Operating Profit (In Millions) | $7.9 | $7.5 | |
| Average Same Store Sales | $506,000 | $517,000 | $555,000 |
| Average Per Person Check | $2.12 | $2.16 | |
| Number Of Units | 1,146 | 1,218 | 1,260 |
| % Menu Price Increase | 6.0% | 2.5% | 0.0% |

Source: *NRN* Research **NRN* Estimate




***Arby's expansion plans** call for 75 new units before the end of 1983.*



**Jefferson T. McMahon**
*president, ceo, Arby's*

## *Dairy Queen mulling nationwide rollout of hard ice cream*

**IDQ**

**By Donald Frazier**

MINNEAPOLIS—Hard ice cream has finally emerged from the last two years of exhaustive tests to become an official part of the Dairy Queen system.

More than 550 of the chain's 4,770 units in 28 markets—about 11% of the system—now offer the new line of Queen's Choice products.

The line of products can hike unit sales by as much as 10%, according to Harris Cooper, president and chief executive officer. He pointed out that this figure accounts for 2½% to 3% 'cannibalization'—sales taken away from the soft-serve products by the new line.

The small number of crossover customers confirms what was, from the onset, one of the central assumptions of Dairy Queen's hard ice cream program: hard and soft ice cream are not different ends of the same market, but almost totally different markets.

Hard ice cream now appears in several major markets such as Atlanta, Oklahoma City, Kansas City, Cleveland and New York-New Jersey.

But Cooper cautions that several conditions must be met before the program extends throughout the rest of the system. The ability to manufacture and distribute the right product in each market, he said, poses the major hurdle to the further rollout of Queen's Choice in any prospective market over the next year.

Company executives continue to try to decide what to do with the Golden Skillet chain which Dairy Queen acquired last year.

So far, IDQ has consolidated its control over the system under Charles Cocotas, it chief executive officer, established a prototype unit for training purposes near headquarters here, set up a rudimentary regional management structure where there had been none, and gotten rid of more than 35 low-volume units.

Cooper said his company is experimenting with many possible formats for Golden Skillet. He predicts Golden Skillet will emerge as a multi-faceted chain, with three or four formats ranging from the traditional take-out-oriented fast-chicken concept to a sit-down family dinner-house.

"We're now casting about for just the right mix," Cooper said. "We're trying to create a favorable distinction between Golden Skillet and the other chicken chains," he added, asserting that he does not want Golden Skillet to mirror Kentucky Fried Chicken.

He hopes developments at Golden Skillet will allow Dairy Queen to resume franchising the revitalized concept this fall. IDQ's experience as a franchisor was one of the biggest reasons the company thought it could make money from Golden Skillet.

Cooper expects a favorable outlook for interest rates to attract more of the individual entrepreneurs who have, historically, been the lifeblood of the Dairy Queen system.

The chain has declined in units since 1981 as more than 100 low-volume dip-only seasonal shops dropped out of the system.

During the last year, Dairy Queen's brief experiment with combining ice cream and homemade candy fizzled out. Hindered by the death of the Dairy Queen board member who was to have supervised the project in Palm Springs, Calif., the joint-venture was cancelled.

***Hard ice cream** has been rolled out in more than 550 of the chain's 4,770 units in 28 markets—about 11% of the system.*

***INTERNATIONAL DAIRY QUEEN***

**(Fiscal Year Ended Nov. 30)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $1.1 | $1.2 | $1.3 |
| Revenues (In Millions) | $93.0 | $99.0 | $108.0 |
| Net Profit (In Millions) | $5.6 | $6.2 | $6.8 |
| Average Same Store Sales | $235,000 | $252,000 | $270,000 |
| Number of Units | 4,780 | 4,754 | 4,770 |
| % Menu Price Increase | 5.0% | 3.0% | 5.0% |

Source: *NRN* Research **NRN* Estimate

**Harris Cooper**
*president, IDQ*

# CHAIN ANALYSIS/PART 1: BURGERS

## Goodall takes the box in novel directions to build volume

**JACK-IN-THE-BOX**

SAN DIEGO—Jack in the Box could be planning such novel approaches as "Booze in the Box" for future menu diversification, as it seeks to continue real volume growth beyond industry averages. The Foodmaker Inc. division of Ralston Purina Co. would like to continue a successful program of expanded offerings in its fast-food chain with the start of the next fiscal year in October.

Application for a beer and wine license at a Jack in the Box unit in Honolulu could signify an eventual course to be followed by other outlets of the 780-unit chain.

More immediately, however, the newest items being readied for rollout include nachos, nachos supreme, and a shrimp dinner salad, following reportedly successful tests on the West Coast.

The company has boosted evening traffic with introduction of Dinner in the Box items so far this year. The boxed dinners include sirloin steak ($3.79), deep-fried julienne breast of chicken ($2.79), and fried shrimp ($3.29)—all served with wedge fries, garlic bread and salad.

Last year the chain rolled out croissant breakfast sandwich items and a variety of meal-sized salads (chef, taco and chicken).

The menu modifications have helped average store sales close in on the $700,000-a-year mark, while enhancing all-day appeal. Breakfast business has reportedly doubled in the past year, and new morning items are now being devised for future a.m. sales gains.

Increased complexity of food-cost control has been an added burden with the burgeoning menus. To track the performance of new items and to help with inventory control, Foodmaker has committed upward of $17 million to a chainwide deployment of computerized point-of-sales systems in all of its company units.

***Behind the box:*** *Foodmaker president and ceo Jack Goodall.*

The POS installations are due to be completed by the end of next month. Franchisees (with about 40 units now, compared to 20 last year) are expected to follow suit. Tests of the new systems show the potential to recover a 32% ROI, or at least a 1.2%-of-sales savings, resulting from more efficient inventory reporting and more rapid turnover in food orders from the kitchens.

Foodmaker president Jack Goodall has also taken steps to market the growing menus, boosting the chain's annual advertising budget by 40% to $35 million. Spot TV, radio and outdoor ads will continue as the principal media vehicles for product promotion. The most recent TV campaign features a tuxedoed pitchman backed up by a strolling violinist, touting the company's more or less unique position in the fast-food sphere as purveyors of legitimate dinner items.

Goodall's store expansion strategy reportedly involves the deployment of from 300 to 400 new outlets over the next five years. Territorial expansion is expected to focus on Western states.

Foodmaker's 80-unit group of full-service restaurants, Continental Restaurant System, has gone through some shifts in expansion planning, with concept changes in a few units.

Emphasis in the dinnerhouse group continues to focus on the casual, broad-menued concept called Carlos Murphy's. With average annual volumes of more than $2.5 million, the 15 or so Carlos Murphy's account for more than one-fourth of CRS's overall volume of about $135 million.

***FOODMAKER INC.***

**(Fiscal Year Ended Sept. 30)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $578.3 | $624.1 | $673.4 |
| Fast-Food Units | $455.4 | $498.3 | $537.7 |
| Full-Service Units | $122.9 | $125.8 | $135.7 |
| Operating Profit (In Millions) | $43.7 | $46.5 | $49.5 |
| Average Same Store Sales: Fast-Food Units | $568,000 | $613,000 | $661,400 |
| Full-Service Units (In Millions) | $1.5 | $1.6 | $1.7 |
| Average Per Person Check (Fast-Food Units) | $2.70 | $2.80 | $2.85 |
| Total Number of Units | 880 | 863 | 855 |
| Fast Food | 795 | 784 | 775 |
| Full Service | 85 | 79 | 80 |

Source: *NRN* Research **NRN* Estimate

## 'Little sandwich' line registering gains

**KRYSTAL**

CHATTANOOGA, Tenn.—Krystal, the 51-year-old company that has survived by successfully marketing a small, low-priced hamburger, sees in its future other menu items.

Still in test is a line of "little sandwiches" (chicken; bacon, lettuce and tomato; hot ham and cheese; bacon cheeseburger; beef and cheese) that sell for less than $1 each.

These sandwiches have been registering sales gains, according to a Krystal executive, but not high enough yet to warrant a rollout.

Krystal is also test-marketing menu items that have not generally been associated with fast-food establishments, items like fried zucchini, fried mushrooms and specialty hamburgers.

The new menu items have found "strong acceptance," according to the executive, but the company will continue monitoring them to see "if it's the right menu combination."

Meanwhile, the company insists its marketing thrust remains the Krystal hamburger. Its new advertising campaign stresses this in the slogan: "Sometimes You Gotta Have One." The promotion emphasizes taste and price-value aspects of the product.

Movement toward the more diversified menu, however, is a sign of Krystal's recognition of a trend among American consumers toward decreased consumption of beef. That and the intense competition within the hamburger segment of the fast-food industry represent the "primary challenges" Krystal faces, the executive says.

The parent Krystal Company has also been looking at the benefits of concept diversification. Long a major franchisee of Wendy's, Krystal last year became the franchisor of Po Folks, one of the hottest restaurant chains in the country. In recent months the Wendy's and Po Folks operations were merged into one subsidiary company.

**Gordon Davenport**
*president, The Krystal Company*

***Looking to the future:*** *While Krystal is testing a line of "little sandwiches," it has no plans to downplay its primary product, the Krystal burger.*

## Southland seeks technology to keep food sales soaring

**7-ELEVEN**

DALLAS—Southland Corp., operator of the 7,200-unit 7-Eleven convenience store chain, is scrambling to buy or develop the technology needed to continue the growth of its fast-food line which now appears ready to top systemwide sales of $1.2 billion a year.

Although isolating food-service sales in 7-Eleven grocery stores is difficult, it is clear that Southland has become a contender among big fast-food chains—McDonald's, Burger King, KFC, Wendy's, Hardee's, and Pizza Hut.

But executives say that in order to move past frozen and microwave-reheated products, they need technology that has yet to be invented.

Nevertheless, 7-Eleven is testing 15 to 20 different food-service concepts, any one of which could be rolled nationally.

Already Southland enjoys considerable price and convenience advantages over mainstream fast-feeders, but consumers still tend to think of eating a meal at a restaurant.

# CHAIN ANALYSIS/PART I: CHICKEN

***Although still comparative newcomers to the scene, the fledgling chicken and biscuits chains continue to make inroads into what was once believed to be a saturated segment. To counter this, segment leaders are scrambling to broaden a somewhat tired menu mix.***

## Continued expansion planned in foreign, domestic markets

**KFC**

LOUISVILLE, Ky.—Scoffing at the suggestion that the fast-food chicken segment is saturated, executives at Kentucky Fried Chicken are celebrating their fifth consecutive year of real sales growth with plans in place for rapid domestic and foreign expansion.

R. J. Reynolds Industries, which acquired KFC's former parent, Heublein Inc., last year, has endorsed the chain's five-year plan and has committed $100 million in cash to pay for the construction and acquisition of units around the world.

"The growth potential of KFC is one of the reasons that the opportunity to acquire Heublein last year was very attractive to us," said J. Paul Sticht, Reynolds chairman and chief executive, in a recent speech. "KFC has been experiencing real sales growth while the rest of the food-service industry stagnated."

Richard Mayer, KFC chairman and chief executive, sees the potential for 50% growth in the number of units over the next five years. This year, KFC will open about 80 new domestic company-owned restaurants and by 1984 will be building 100-150 company-owned units a year. Mayer also sees 500 new company and franchised units opening abroad in the next five years.

KFC commands more than 50% of the domestic fast-food chicken market with more than 900 company-owned and 3,500 franchised units in this country, about 1,400 overseas and another 650 or so in Canada.

Average unit sales at company-owned stores in the United States are closing in on the $500,000 mark, but overall domestic unit sales are still hovering under $400,000. An image enhancement program and the rollout of new menu items is boosting unit volumes, but not all of the franchisees have taken part in the programs as yet, executives explain.

KFC has targeted under-developed international markets for stepped-up expansion. These include Central and South America and the Far East. A key target for expansion is Japan where KFC has nearly 400 restaurants and sees the "potential" for 2,000 more in the next 10 years.

Mindful that the fast-food chicken segment has been identified as a major growth area for this decade, KFC has been fending off increased competition from established chains such as Church's Fried Chicken, with 1,400 units, and Popeyes, with about 350. More importantly, though, there's a whole new generation of fast-food chicken chains that have been taking aim at KFC.

KFC has responded to the competition from chains such as Bojangles, Sisters, Mrs. Winners, Grandy's and Chicken George by rolling out a premise-made biscuit and developing a spicy chicken menu that includes collard greens and "dirty rice" in selected inner-city markets.

After adjustments for inflation, KFC's compound annual sales growth from 1977-82 was 2.4%. Average unit sales rose about 2% in 1982 after menu price hikes were factored out.

***KENTUCKY FRIED CHICKEN***

**(Fiscal Year Ended December†)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| **Systemwide Sales† (In Billions)** | | | |
| Domestic | $1.6 | $1.7 | |
| International | $624.0M | $666.0M | |
| Total | $2.2 | $2.4 | $2.5 |
| **Average Store Sales**** | | | |
| Domestic | $368,483 | $383,449 | $422,000 |
| International | $496,395 | $496,119 | $520,000 |
| System Average | $396,493 | $409,470 | $450,000 |
| **Number of Units***** | | | |
| Domestic | 4,481 | 4,442 | 4,522 |
| International | 1,297 | 1,387 | 1,500 |
| **Average Check Per Transaction††** | $3.20 | $3.35 | $3.50 |
| **% Menu Price Increase††** | 12% | 3% | 5% |

Source: *NRN* Research **NRN* Estimate

†All figures contained in this chart have been restated for calendar years. KFC's former parent, Heublein, was on a June 30 fiscal year until it was acquired by R. J. Reynolds last summer. Reynolds is on a calendar year.

††Average check and % menu price increases are estimates for company-owned units only.

**The vast majority of KFC's restaurants are franchised. The 937 company-owned domestic units had average store sales of $468,000 in fiscal 1982, ended June 30, 1982, and are now about $500,000. Domestic franchised units report average sales of about $360,000.

***KFC has about 650 restaurants in Canada that are not included in these figures. The number of KFC restaurants worldwide, including the Canadian operations, is about 6,500.

***This year KFC** will open about 80 new domestic company-owned restaurants.*

***Richard Mayer***
*chairman, ceo, KFC*

## Church's widening experiment in upscale market segment

**CHURCH'S**

*Early results from Church's shopping mall unit have been typified as 'Not up to expectations.'*

SAN ANTONIO—Church's Fried Chicken, which built its business in lower- and middle-income markets, is experimenting with a concept for the burgeoning upscale market.

Recognizing that other chains have had some success in upscale markets, Church's plans to continue its experiment beyond the one store it now has. But, a chain executive emphasizes that will not be done at the expense of existing markets.

Church's first upscale store, which has more seats and more modern decor than its other units, recently opened in Atlanta. The company says it's still too early to tell whether the concept will work.

Early results from Church's first shopping mall unit, however, have not been overwhelming. "Not up to expectations" is how one executive puts it.

Lunch business in the mall unit, which is near Cleveland, is excellent, Church's says, but dinner is disappointing. People who shop at the mall during the day are not stopping at Church's for dinner before going home.

Church's plans to modify its mall concept for the next unit. That one will probably share a food court with other restaurants and snack bars.

Also in the test stage is Church's new char-broiled chicken concept, Charro's. Opened in a converted Church's in southern California, Charro's is doing better than the Church's did there, but there are no indications yet whether the concept will be successful outside an area heavily populated by Mexican-Americans.

Church's is also finding that broiling chicken presents problems or challenges it has not had before; for examples, cooking times are increased, more labor is required, and stricter planning or scheduling is essential.

Char-broiled chicken is limited to that one California store so far. In regular Church's units, new products rolled out during the past year have included fried okra, livers and gizzards. They are reportedly doing well. Biscuits have been introduced in a limited number of stores, and a company official says the product will be given "more thought and consideration before we go any further."

As for unit expansion, Church's has re-entered the Houston area with about 18 corporate stores, which is according to schedule. A court decision was expected in July on a suit involving Church's right to operate stores there.

***Roger A. Harvin***
*president, coo, Church's*

***CHURCH'S FRIED CHICKEN***

**(Fiscal Year Ended Dec. 25)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| **Systemwide Sales (In Millions)** | $420.2 | $504.3 | $540.0 |
| **Revenues (In Millions)** | $420.2 | $423.8 | $450.0 |
| **Net Profit (In Millions)** | $44.6 | $41.6 | $40.7 |
| **Average Same Store Sales** | $400,014 | $382,750 | $395,000 |
| **Average Per Person Check** | | $2.85 | $3.00 |
| **Number of Units** | 1,363 | 1,379 | 1,500 |
| **% Menu Price Increase** | 11.5% | 4.0% | 0.0% |

Source: *NRN* Research **NRN* Estimate

# CHAIN ANALYSIS/PART I: CHICKEN

**Alvin Copeland**
*chairman, president, Popeye's*

**William Copeland**
*executive vice president, Popeye's*

## *Biscuit success clears way for new menu opportunities*

### POPEYES

JEFFERSON, La.—A buttermilk biscuit made on-premises has become Popeyes Famous Fried Chicken's best-selling new menu item ever, boosting sales way beyond the projected 8% to 10% range and helping to convince chain executives to build a breakfast program around it.

Popeyes, the nation's third largest fast-food chicken chain in sales and number of units, has been testing several different types of biscuits and breakfast items for several years.

A biscuit breakfast menu at six New Orleans Popeyes units has been posting weekly sales of $3,200 to $5,500 per unit and will be rolled out systemwide in coming months.

Biscuits will be available in all franchised and company-owned units by September. They are sold separately for about 39¢ and replace rolls with dinner entrees.

Incremental sales of the biscuits have been very strong, according to Terrel A. Rhoton, vice president of franchise sales. The biscuits apparently have been helping build repeat business, too. "People who visited us once a week row come in twice; people who came in twice now come three times," Rhoton says.

Biscuits have also helped accelerate the rollout of Popeyes long-delayed breakfast menu. "No doubt about it, the success of the biscuit opens up breakfast opportunities," Rhoton remarks.

Popeyes breakfast menu includes biscuit sandwiches and a $1.89 platter with two eggs, sausage patty, grits, hash browns and a biscuit. A "mini-breakfast" menu is offered as a test at 12 older units which have limited or no seating; the menu consists of biscuit sandwiches with sausage or ham.

Popeyes defined the spicy chicken segment about 10 years ago even though most observers claimed that southern regional dishes such as "dirty rice" and spicy collard greens would not be accepted outside the South.

Most fast-food chicken chains now have similar menus, and Popeyes is competing with fast-growing national and regional chains such as Bojangles, Sisters, Chicken George and Mrs. Winners. Kentucky Fried Chicken, by far the segment's leader, recently developed a spicy menu of its own for use in urban markets with large black populations.

About a half dozen new menu items are being prepared for possible testing, according to Rhoton. Those that have the best chance of making an appearance soon are a salad bar, dessert and a couple of new side dishes.

Meanwhile, a salad bar is part of the prototype 100-S store that recently opened n Morgan City, La. The unit has 100 seats, much larger than the average Popeyes, and has a service line which displays products.

Popeyes continues to open in newer markets, such as California and the Upper Midwest.

***POPEYES***

**(Fiscal Year Ended Oct. 25)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $142.2 | $175.0 | $230.0 |
| Sales From Company Operations (In Millions) | $39.1 | $48.0 | $55.0 |
| Pre-Tax Profit (In Millions) | $2.4 | $3.6 | $6.3 |
| Average Same Store Sales | $575,000 | $615,000 | $715,000 |
| Average Per Person Check | $3.70 | $3.80 | $3.90 |
| Number of Units | 275 | 309 | 390 |
| % Menu Price Increase | 5.0% | 6.7% | 4.5% |

Source: *NRN* Research *Company Estimate

***Rollout:*** *Biscuits have boosted sales way beyond the 8% to 10% range projected.*

## *Biscuits and breakfast supporting no-holds-barred growth*

### HORN & HARDART

NEW YORK—Horn & Hardart Inc., led by its Bojangle's biscuit and spicy chicken chain, has broken into *Nation's Restaurant News'* top 100 this year as it pushes Bojangles to become a segment leader.

Armed with an all-day concept that yields 40% of sales from biscuits and 40% from breakfast, Bojangle's, a wholly owned subsidiary based in Charlotte, N.C., is taking dead aim at nonchicken fast feeders.

The chain is rolling out the Eggbo Biscuit as "a direct smack at McDonald's Egg McMuffin," says Barry Florescue, chairman and chief executive of Horn & Hardart.

Priced at 99¢, the new breakfast item is made with scrambled eggs, cheese and Canadian bacon on a biscuit. The McMuffin is served on a muffin.

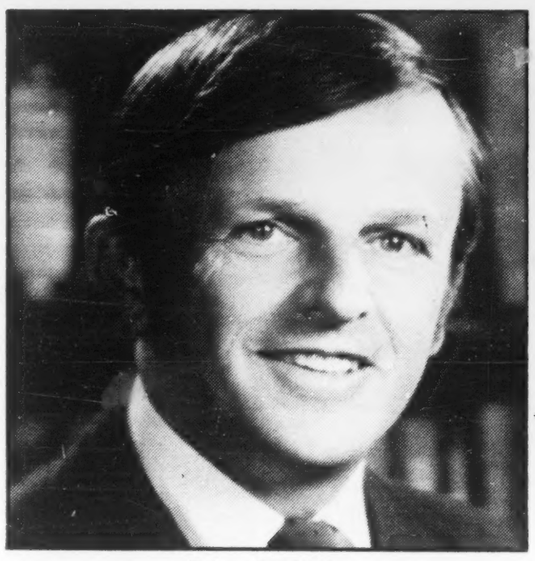
The Cajun-styled chain is pulling away from the rest of the growth-chain pack. Popeye's, the other segment contestant, for instance, was slow to adopt biscuits. Wendy's Sister's has yet to get flying. Chicken George, despite its big volumes, has yet to carve the territory Bojangle's has.

With its marketing strategy in biscuits and breakfast, Bojangle's growth strategy is marked by no-holds-barred expansion.

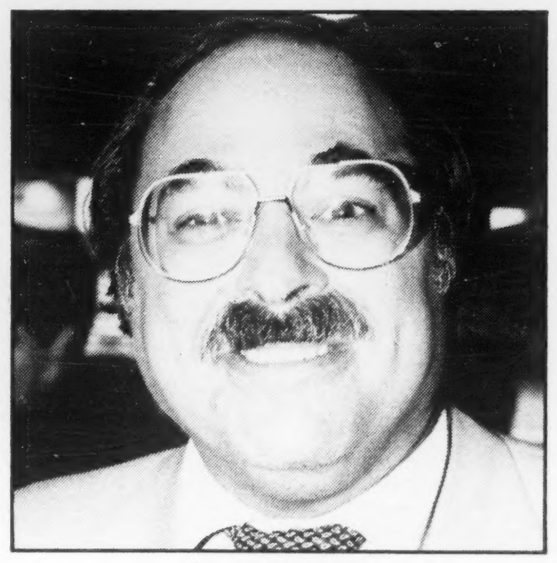
About 120 new stores are expected this year, on top of the 120 units that Bojangle's finished fiscal 1982 with in December. Unit volumes are an astounding $1.05 million in year-old stores.

Horn & Hardart bought the chain from founder Jack Fulk in 1981 for about $12 million when there were fewer than 50 units. Since then growth, financed largely by debt and equity offerings, has shown no signs of slowing.

***Biscuits and breakfast:*** *A marketing strategy geared to no-holds-barred expansion.*



**John Gerlach**
*president, Horn & Hardart*



**Barry Florescue**
*chairman, Horn & Hardart*

***HORN & HARDART***

**(Fiscal Year Ended December)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| **Systemwide Sales (In Millions)** | | | |
| Total | $75.0 | $139.0 | $234.0 |
| Bojangles | $25.0 | $85.0 | $175.0 |
| Other | $50.0 | $54.0 | $59.0 |
| **Corporate Data** | | | |
| Revenue | $166.1 | $235.4 | |
| Operating Profit | $9.0 | $12.6 | |
| Net Profit | $5.2 | $6.6 | |
| **Food-service Segment** | | | |
| Revenue | $50.4 | $94.1 | |
| Operating Profit | $9.7 | $9.8 | |
| **Number of Units** | | | |
| Total | 105 | 170 | 300 |
| Bojangles | 50 | 120 | 240 |
| Other | 55 | 50 | 60 |
| Average Same Stores Sales** (In Millions) | $0.9 | $1.1 | $1.2 |
| Average Per Person Check** | $2.85 | $2.90 | $2.99 |

Source: *NRN* Research *NRN* Estimate **Bojangle's only

***Horn & Hardart operates*** *Burger King and Arby's fast-food restaurants, David's Cookies, several dinnerhouses and bars, and a video-game restaurant, all of which it includes in its food-service segment. The company makes most of its sales and profits from its mail-order retailing business. It also has interests in a Las Vegas casino-hotel.*

# CHAIN ANALYSIS/PART 1: PIZZA

***While pizza chains continue to pursue the lunch trade, delivery and takeout business has shown the strongest gains. Meanwhile, the pizza-and-video-game phenomenon, while still growing in units, appears to be leveling off with results disappointing.***

## *Overall, new Pan Pizza proves big boost to lunchtime sales*

### PIZZA HUT

WICHITA, Kan.—Early reports on Pizza Hut's newest product, Personal Pan Pizza, have mostly been "outstanding," according to company executives and franchisees, and observers feel in the long run it will be a success.

Arthur Gunther, president of Pizza Hut, says the item has helped double lunch period sales to 30% of average unit sales and "has not materially affected" dinner results.

The company spent more than $130 million on new equipment and hired 20,000 new employees for an increased payroll of $70 million to ensure the promise of a good-tasting, small pan pizza served in five minutes would be met.

This emphasis on speed and consistency has "changed our way of doing business," says Gunther. "We've had to become more of a fast-food restaurant" in addition to having regular table service, he adds.

A few franchisees, though, are saying that the pan pizza has hurt their lunchtime sales. The new product is a substitute for the lunch buffet, which some customers apparently prefer to the individual pan pizza. Gunther feels pizza buffets are expensive to maintain and are not of high quality.

Pizza Hut is committing significant advertising resources—the total ad budget was increased 25% this year to $50 million—for the promotion of the new lunchtime menu item.

"This is a tremendous opportunity for us," Gunther says, "and we don't want to let it slip."

With momentum in its favor and overall food costs either stabilizing or declining, Pizza Hut's profit picture looks good. One analyst estimated operating profits this year at $94 million.

But some industry observers and franchisees are wondering about new directions for this segment leader (a total of 4,293 stores are projected for this year) now that Donald Smith has left PepsiCo, parent of Pizza Hut, for Chart House. Smith is widely credited with having turned Pizza Hut's fortunes around after profits began to decline in the 70's.

His replacement as head of food service at Pepsico is Terrance Collins, who earned a favorable reputation as Burger Chef president before a stint as Victoria Station president and ceo.

Other industry leaders credit Gunther with Pizza Hut's turnaround, citing the autonomy of PepsiCo's divisions. Gunther himself says the recent changes are "not as dramatic or drastic as is sometimes made out."

Pizza Hut has also announced other executive changes. Replacing Jeff Jefferson (who has joined Smith at Chart House as president of Luther's) as Pizza Hut's senior vice president of operations is Bill Gagg. Gagg, who is 37, was formerly the central division vice president, a position now held by Gene Wilson, who was promoted from Allegheny regional manager.

***Pan Pizza has helped** double lunch period sales to 30% of average unit sales without affecting dinner results, according to Pizza Hut president Arthur Gunther (left).*

## *Delivery concept: The perfect growth vehicle*

### DOMINO'S

ANN ARBOR, Mich.—Domino's Pizza has begun a $52 million expansion program that projects 50% increases in the total number of units each year.

The pizza-delivery chain is also initiating marketing and design moves to build public awareness.

Executives predict Domino's will operate 1,250 units by the end of this year, up from 831 at the end of 1982, making it the second-largest pizza chain in units. Pizza Hut has more than 4,000 stores.

Meanwhile, the Ann Arbor-based chain has set in motion plans to increase public awareness through greater emphasis on broadcasting and expansion into large cities.

In the area of promotions Domino's has thrust itself into the national spotlight with its high-stakes sponsorship of professional auto racing.

In addition the chain has hired an architectural firm to redesign Domino's basic look as a way to build a strong image.

Domino's major marketing strategy, as well as its image, will remain its position as the only national all-delivery chain. In the fall new space-age experimental vehicles will be rolling off assembly lines.

Emphasis on delivery has made it possible for Domino's to become a high-volume operation, which accounts for its profitability. But it is this success that may have created pressures on the company to be more aggressive in its growth.

One Domino's executive thinks other pizza chains will turn their attention toward the delivery concept after examining their own operations and finding out they are not providing all the services their customers want.

Besides remaining faithful to its delivery concept, Domino's has no plans to alter its menu. Pizza and soft drinks *are* the menu.

The chain also does not plan to jump on the lunchtime bandwagon, as have other pizza companies. Some Domino's units have tried lunches as an experiment and have reported success, but, according to one company officer, "The jury is still out on whether we would like to see it throughout the system."

Recently Domino's obtained loan commitments worth $52 million to finance growth. In 30 months the chain expects to have opened about 500 new corporate stores.

***DOMINO'S PIZZA***

**(Fiscal Year Ended Dec. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $154.6 | $256.2 | $475.0 |
| Revenues (In Millions) | $79.0 | $128.7 | $212.0 |
| Net Profit (In Millions) | $1.9 | $3.1 | $4.4 |
| Average Same Store Sales | | | $384,800 |
| Average Per Person Check | | | $7.60 |
| Number of Units | 582 | 831 | 1,250 |
| % Menu Price Increase | | −7.5% | 5.0% |

Source: *NRN* Research **NRN* Estimate

***Thomas Monaghan,** Domino's president, has led the chain from obscurity to second place in the segment.*

# CHAIN ANALYSIS/PART 1: PIZZA

## Coast acquisitions could move chain into national spotlight

### GODFATHER'S

OMAHA—Godfather's acquisition of its largest franchisee, Pizza Ventures, is an attempt to "control its own destiny" by shifting emphasis toward being a franchisor.

Godfather's would like its financial growth pattern to be under its own control rather than its franchisees', says executive vice president Richard Jeffries.

Godfather's, which projects 925 to 950 total units by the end of the year, has also made other moves that it hopes will establish it as a national presence. One significant move is the agreement with New York City's Riese Organization to franchise Godfather's in the city. Riese operates many restaurant concepts in choice locations in Manhattan.

The Omaha-based chain is excited about its move into Manhattan, which means that it is the first major national pizza chain to enter the market noted for very high-priced real estate and scores of local pizza restaurants. Jeffries says the move will "give us a good valid test of our product by the slice."

Another major expansion move is the franchise agreement with Sambo's under which as many as 200 of the coffee shops will be converted to pizza stores. This will establish Godfather's in the major markets of San Francisco and Los Angeles.

In its marketing Godfather's is aiming toward an older, more upscale clientele, which is a reflection of demographic trends. Ads that featured an actor as "the godfather"—a characterization some Italian-American groups found offensive—have given way to product-oriented advertising. The chain is positioning itself on the price-value relationship, emphasizing that its pizzas have a larger amount of ingredients at a lower price than its competitors.

For the lunch trade—an increasingly competitive market for pizza chains—Godfather's is sticking with its mini-pizza and salad bar, in the face of the all-out push by segment leader Pizza Hut for its personal pan pizza.

Godfather's registers 75% of sales after 5 p.m. and doesn't intend to risk those sales on a big lunch push. Reasoning that pizza is a "crave item" that people hardly ever order twice a day, Jeffries, comparing lunch with dinner, says, "I'd never want to trade a $7 sale for a $2 sale.

To help out during those tight lunch periods, Godfather's has its new conveyor ovens, which have reduced cooking time by one-half.

The chain plans to introduce some new products around January.

**GODFATHER'S PIZZA**

**(Fiscal Year Ended Jan. 2)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $255.0 | $312.5 | $346.0 |
| Revenues (In Millions) | $35.5 | $40.2 | |
| Net Profit (In Millions) | $5.4 | $6.0 | |
| Average Same Store Sales | $489,000 | $441,000 | |
| Number of Units | 636 | 776 | 950 |

Source: *NRN* Research

**NRN* Estimate

## Plots rebound within existing markets

***Joseph Spillman***
*president and ceo, Pizza Inn*

### PIZZA INN

DALLAS—Plotting a rebound from a period of sluggish growth and unit closings, Pizza Inn plans to get back to building its system with special emphasis on existing markets. The company also wants to build market share overseas.

Although conceding there are operational difficulties in foreign markets, company president and ceo officer Joseph Spillman says he believes Pizza Inn can increase its overseas stores fivefold in the next three years to about 100 units. Twenty are now open, agreements for 20 more have been signed and negotiations for another 40 are under way.

Domestically, Pizza Inn's renewed efforts to increase its franchised units are paying off, with 50 new stores expected to open by year's end (along with 20 new company units). Existing rather than new markets are being targeted to increase penetration.

The long recession not only put Pizza Inn's expansion on hold, but it contributed to the closing of some stores. Now, with lower interest rates, expansion has begun anew.

Spillman says he is encouraged because the newer stores are showing a better return on investment than the older ones. New products are also showing a better return than the old, he adds.

Pizza Inn's most important new product this past year was its pan pizza. At the end of fiscal 1982 it accounted for 37% of total sales; now it is about 40%. Spillman says these results are topping expectations.

Most of the large pizza companies are trying to boost lunchtime sales by introducing new items. Pizza Inn is still hoping its line of sandwiches will push lunchtime sales up.

At first the company thought sandwiches would account for 10% of overall sales; they are now at 6%. Spillman says some sandwiches may be deleted and others added to the line until the right mix is found.

Some franchisees are reporting better success with the sandwiches than the corporate stores. Some are also pushing to build lunchtime counts by offering the mini-buffet of pizza and pasta. One franchisee says this item has brought back to his stores customers who had found the deluxe buffet too costly and too filling. The corporate stores have not adopted the smaller buffet, though.

Spillman says he believes continued efforts to promote the pan pizza, lunch buffet and sandwiches will increase the chain's market share a point or two.

On the corporate level one major executive change occurred in the past year: William E. Eskew has replaced Channing Arnold as vice president of advertising and marketing.

Changes have been made in store design, too, to give a contemporary look, with woods and stylish lighting. Spillman calls it "a 30% new look." Some franchisees, meanwhile, are reporting decor changes, as well as menu changes, that give their units the look and feel of dinnerhouses.

**PIZZA INN**

**(Fiscal Year Ended Dec. 25)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $223.0 | $229.0 | $275.0 |
| Revenues (In Millions) | $139.0 | $140.0 | $155.0 |
| Net Profit (In Millions) | $1.4 | $1.7 | $3.5 |
| Average Same Store Sales | $322,100 | $356,800 | $410,000 |
| Number of Units | 735 | 719 | 795 |

Source: *NRN* Research

**NRN* Estimate

## Signs of growth fatigue more prevalent

### PIZZA TIME

SUNNYVALE, Calif.—Pizza Time Theatre Inc., beginning to show more frequent signs of growth fatigue, has created a reserve fund for the closure of 10 pizza-and-games units. Average weekly sales for Chuck E. Cheese outlets remained flat throughout the first half, while concept revision costs forced margins into decline.

The 10 units slated for closure, mostly in Texas and Florida, will be phased out by the end of the year—the majority during the third quarter. Robot performers and other equipment will be redeployed in new units.

To work off high inventories, the company stopped making the "cyberamics" characters for its restaurants during a one-month period, due to end by the middle of this month.

The presence of competitive units, including its own, forced the company to abandon the outlets in Texas and Florida, according to PTT treasurer Jim Morgan: "Sometimes you wind up being your own best competition. You may not find out about market saturation until it happens." Morgan said the company expects revenues to "drift back" into its remaining units in markets where stores are closing.

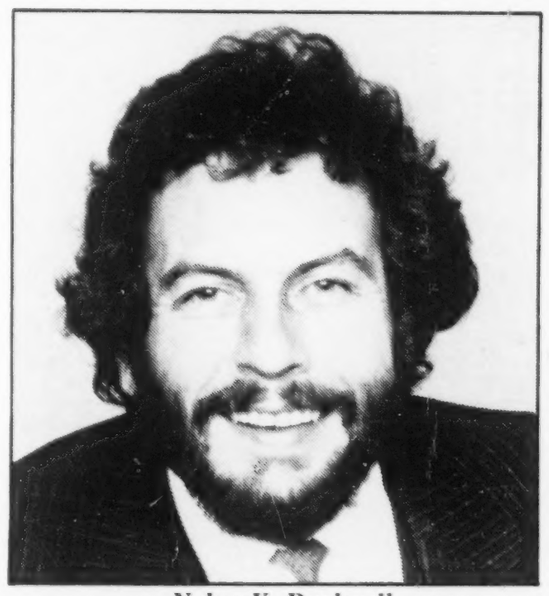
Pizza Time had anticipated "breakeven" results for the second quarter ended June 16, following a 43% decline in first-quarter earnings vs. last year to $942,000. The drop in quarterly earnings was the company's first such downward turn. Last year PTT's net profits jumped 189% to $7.5 million, while revenues rose 174% to $99.2 million. In 1982 the number of units grew by 132% to 204.

Average weekly sales per unit dropped 20% in the first quarter this year, compared to last year, even while revenues jumped 103% to $34.9 million. As 1983 began Pizza Time's units were averaging about $1.3 million a year, of which about 74% was in food and beverage, and the rest in games.

Senior vice president of operations George Hellick forecast the breakeven second quarter, during which the reserve fund for discontinued operations was established, further impacting results. He also disclosed plans for improving the company's earnings performance: "Research indicates that our customers want better service and an improved food product." Hallick said PTT was increasing labor levels to improve service, and had modified its unit management structure. Field testing of a new pizza began last month. The company was also adjusting some of its menu prices in a two-market test.

"All these activities are expensive and will impact short-term earnings," he added, "but I feel confident that the results will insure future growth of the concept." Company officials also said a shift to a national advertising strategy this year from last year's regional promotions has not yet yielded the desired impact.

Skepticism of securities analysts over the viability of pizza-and-games issues has resulted in a prolonged period of volatility in PTT's stock, which has recently been trading at slightly more than half its 1982 high of $32.50. To explain Pizza Time's rollercoaster ride on Wall Street, president Joseph Keenan has said the market is "not a rational animal over the short term."



***Nolan K. Bushnell***
*founder and chairman, Pizza Time*

In May the company sold out a $50-million debenture offer, resulting in a $48.5-million net, being applied to retirement of bank obligations and the development of company stores.

Despite retrenching in the Southeast, Pizza Time plans to open between 50 and 60 more units by the end of the year—30 or 40 of them being company stores.

# CHAIN ANALYSIS/PART I: DINNERHOUSES

***During the next year major dinnerhouse chains hope to see resistance to high average per-person checks abate as the economy continues to improve. Wider menu mixes are also being tested by the chains to lure back lost customers.***

## Expanded menu spearheads drive against independents

**RED LOBSTER**

ORLANDO, Fla.—Red Lobster Inns of America, the nation's biggest seafood dinnerhouse chain, has added as many as a dozen new menu items at some restaurants and is now touting the difference in television spots.

The new products range from a cold salmon appetizer priced up to $2.50, through fried calamari rings on a lunch platter priced at about $4.25, to live Maine lobster in new display cases for which the price varies.

The 363-unit chain, owned by General Mills Inc. of Minneapolis, dominates chain activity in the segment. With over 80 regionalized menus, Red Lobster's most tendentious competition remains independent operators on both coasts where Red Lobster's price advantage narrows.

Red Lobster continues to grow at about 30 new units a year in the United States. But, perhaps with an eye on saturation, Red Lobster executives have tapped the Japanese market .

Red Lobster's strength continues to be its worldwide buying network which ensures both price and supply, yielding 10% food cost advantages. On the marketing side, Red Lobster has made seafood an easy decision for many who otherwise might have been reluctant to tread past beef.

Red Lobster's "for the seafood lover in you" advertising campaign has been running since 1979, and executives say there are no plans to change it.

But variations crop up from time to time. The latest wrinkle appears to signal to customers that Red Lobster has undergone changes recently.

The most significant of those changes appears on the menu. Many of the new items seem designed to bump up average checks. Dinner now seems to be edging toward the $12 mark, but Red Lobster officials say consumers still consider the chain a price leader.

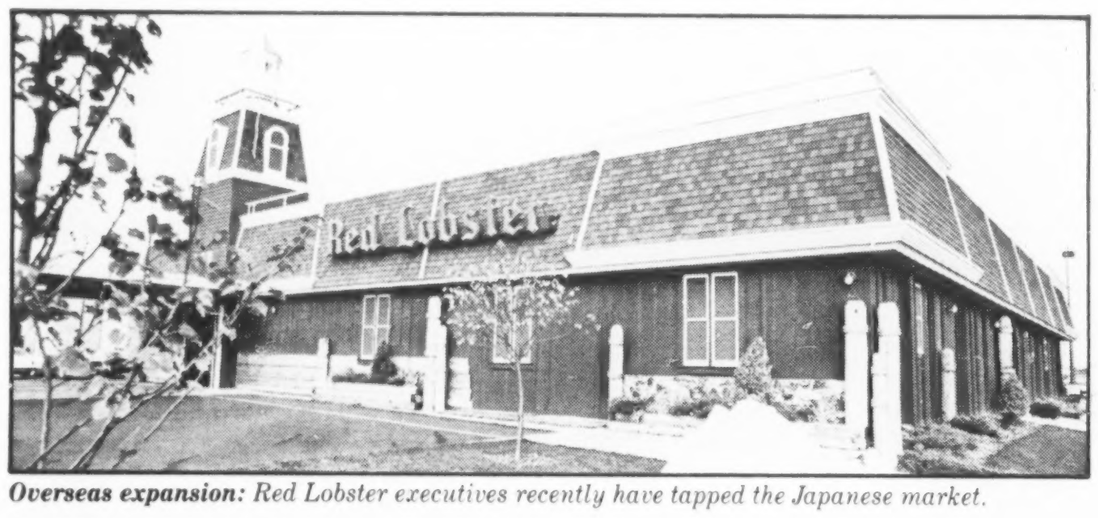
Red Lobster is part of General Mills' restaurant group, which includes four other chains—York Steak House, Casa Gallardo, Darryl's and Good Earth. Joe Lee, president and chief executive of the restaurant group, was confirmed recently as chairman and president of the NRA.

*RED LOBSTER*

(Fiscal Year Ended May)

| | 1981 | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|---|
| Systemwide Sales (In Millions) | $505.0 | $625.0 | $725.0 | $815.0 |
| Average Same Store Sales (In Millions) | $1.9 | $2.0 | $2.1 | $2.2 |
| Number of Units | 291 | 330 | 363 | 393 |

Source: *NRN* Research **NRN* Estimate




***Overseas expansion:*** *Red Lobster executives recently have tapped the Japanese market.*

**W. E. Hattaway**
*president, Red Lobster*

## Häagen-Dazs promising high return as second-growth vehicle

**STEAK & ALE**

**By Donald Frazier**

DALLAS—The acquisition of 244-unit Häagen-Dazs gives S & A Restaurants a second-growth vehicle besides its 141-unit Bennigan's Tavern division.

Funded by corporate parent Pillsbury, S & A hopes to open as many as 150 of the "gourmet" ice cream shops annually, most of 10 company-operated in contrast to the all-franchised current operations.

S & A plans 40 more Bennigan's over the next 12 months, according to newly promoted corporate chairman and chief executive officer Hal Smith.

Although some of the new restaurants will enter new markets, most of them will fill in already-established areas such as Atlanta to enhance market penetration.

Meanwhile, S & A executives assert that the 182 Steak & Ale restaurants have turned the corner after a few years of declining profitability and the closings of more than 40 units.

Häagen-Dazs has become one of the success stories of the industry in recent years, presenting the potential of a high return on Pillsbury's initial investment—estimated at more than $100 million.

It has grown 25% to 30% a year, entirely through franchising. Its hugely successful product has carved out a unique market niche for itself. Retail sales and restaurant sales reinforce one another.

Private ownership by the founder's family has somewhat inhibited the growth of Häagen-Dazs, forcing it to endure a somewhat uneven pattern of development.

But Pillsbury, realizing the importance of the dip shops to the Häagen-Dazs retail market position, has apparently committed itself to developing the chain in an orderly fashion by focusing on company stores.

The instrument of that growth, S & A, must juggle the flashy new concept with another high performance vehicle, Bennigan's Taverns.

Chris Sullivan, head of these casual theme restaurants, has undertaken several steps to ease the growth of the system in recent years. Most of these such as the establishment of regional training centers, aim to decentralize functions which do not need to be performed at the home office.

Under his leadership, Bennigan's has built more than 100 units over the last few years, achieved average unit annual sales of $2.4 million and has displaced the older, more sedate Steak & Ale division as the company's centerpiece.

But two new challenges may be looming in Bennigan's future: competition and demographics.

The other key chains of the casual theme segment—Houlihan's and T.G.I. Fridays as well as the Mexican-theme dinnerhouses—are now competing with one another head-to-head in many major markets. The segment may be approaching a bitter fight for market share, if not actual saturation.

Meanwhile, the baby-boom generation is growing up, acquiring responsibilities and different tastes. This means the original casual-theme concept—good times for singles—is increasingly passé.

Other chains in the segment are toning down their decor, turning down the music and even, in a few cases, adding a children's menu to adjust to the new demographic profile of their customer base.

**Hal Smith**
*chairman, ceo, S&A*

But S & A, including Smith and his predecessor Norman Brinker (Chili's new ceo here) have said Bennigan's will continue to aim at the younger crowd instead.

Bennigan's lower check average, they say, gives the chain an edge over the competition for these younger customers.

In any case, Bennigan's has been positioned and designed so that it can be converted cheaply and easily to another concept should the casual theme boom prove to be a short-lived fad.

S & A officials seem proudest of what they describe as a stunning turnaround at the Steak & Ale division.

The division was on the ropes only a few years ago, a victim of the same ailment which struct Cork 'N Cleaver, Victoria Station and countless independents: a sudden increase in meat prices, and resulting dramatic price hikes.

But now, according to Richard Frank, newly promoted to head Steak & Ale restaurants, the company has staunched the hemorrhage of units which reduced the chain from 225 in 1980 to 180 this year.

Many problem units are already gone. A few in unwieldy locations have been franchised to their operators. New, lighter menu items such as pasta, salads and seafood were introduced, reducing the chain's dependence on costly red meat and, at the same time, adding appeal to a broader market.

The chain has also held the line on prices in recent years: the average check, climbing toward $14 a year ago, is now only $12.50. And a new emphasis on the bottom line instead of the top line resulted in several cost-cutting programs such as a new food-costs control system, and a stringent set of energy conservation guidelines.

Mike Jenkins, who moved up to the S & A presidency after Smith's promotion, expects these steps to produce the first significant gains in real sales the chain has seen in years. Since 1980, when the average Steak & Ale unit pulled in $1.1 million, sales have nudged upward about 8% a year to around $1.4 million.

S & A has dropped a few of its experimental concepts such as the Jolly Ox and Juan & Only's, and now pins its new hopes on a so-called "gourmet" burger establishment, J. J. Muggs.

Two pilot units stand, and three or four more will be up by the end of the year, the company says. The new concept apparently involves an upgraded fast-food menu and alcoholic drinks.

J. J. Muggs seem to conform to a newly emerging segment of upscale fast-food operations which serve alcohol. Some of the companies are the Seattle-based Red Robin and Chili's and Spoons, both based in Texas.

# NRN CHAIN ANALYSIS/PART 1

## Top 100 Volume Chains

| Sales Rank | Company (Headquarters State) | Types of Food-Service Chains | Estimated Total Food-Service Sales All Units Current Fiscal Year (Millions) | Total Sales Latest Fiscal Year (Millions) | Total Sales Previous Fiscal Year (Millions) | Number Units End of Latest Fiscal Year | Number Units End of Previous Fiscal Year | Estimated Number of New Units Current Fiscal Year | Current Estimated Average Per Unit Annual Sales (000) |
|---|---|---|---|---|---|---|---|---|---|
| 1. | **McDonald's (Ill.)** | F-BU | $8,600 | $7,800 | $7,100 | $7,259 | 6,739 | 500 | $1,250 |
| 2. | **Burger King (Fla.)** | F-BU | 2,700 | 2,500 | 2,360 | 3,400 | 3,255 | 265 | 900 |
| 3. | **KFC (Ky.)** | F-CH | 2,500 | 2,400 | 2,270 | 6,479 | 6,428 | 193 | 410 |
| 4. | **Marriott (D.C.)† (includes all Big Boys)** | CF, CS, DI, F-BU, HO | 2,400 | 2,000 | 1,500 | 2,214 | 1,965 | 213 | 600 |
| 5. | **Hardee's (N.C.) (Burger Chef)** | F-BU | 1,985 | 1,718 | 1,141 | 2,154 | 2,165 | 150 | 864 |
| 6. | **Wendy's (Ohio)** | F-BU | 1,750 | 1,600 | 1,400 | 2,430 | 2,229 | 250 | 730 |
| 7. | **Holiday Inns (Tenn.)** | HO, DI, CS | 1,650 | 1,500 | 1,370 | 1,744 | 1,751 | 60 | 850 |
| 8. | **Pizza Hut (Kan.)** | F-PI | 1,600 | 1,300 | 1,150 | 4,300 | 4,250 | 200 | 400 |
| 9. | **ARA (Pa.)****** | CF, DI, | 1,580 | 1,494 | 1,481 | 2,000 | 1,750 | 300 | 850 |
| 10. | **IDQ (Minn.)** | F-I, BU | 1,260 | 1,198 | 1,120 | 4,750 | 4,780 | 15 | 270 |
| 11. | **Southland (Tex.) (7-Eleven)** | F-CO | 1,195 | 1,086 | 983 | 7,165 | 7,002 | 175 | 146 |
| 12. | **Denny's (Calif.)** | CS, DO | 1,200 | 1,125 | 1,045 | 2,000 | 1,921 | 100 | 950 |
| 13. | **Sheraton (Mass.)** | HO | 1,000 | 940 | 865 | 1,251 | 1,200 | 45 | 800 |
| 14. | **Saga (Calif.)** | CF, DI, ST, PI | 975 | 901 | 819 | 323 | 309 | 45 | 1,500 |
| 15. | **Canteen (Ill.)** | CF | 830 | 791 | 754 | 920 | 850 | 55 | 700 |
| 16. | **Red Lobster (Fla.)** | DI-SE | 815 | 725 | 625 | 363 | 330 | 30 | 2,175 |
| 17. | **Shoney's (Tenn.)** | CS, F-SE, CH, DI | 800 | 700 | 572 | 990 | 728 | 75 | 1,120 |
| 18. | **Arby's (Ga.)** | F-R | 700 | 575 | 527 | 1,218 | 1,146 | 42 | 555 |
| 19. | **Howard Johnson (Mass.)** | HO, CF, SC, DI | 680 | 637 | 600 | 1,034 | 1,000 | 60 | 600 |
| 20. | **Taco Bell (Calif.)** | F-T | 635 | 590 | 535 | 1,589 | 1,480 | 70 | 500 |
| 21. | **Jerrico (Ky.)** | F-SE, CS | 605 | 563 | 507 | 1,247 | 1,125 | 75 | 480 |
| 22. | **Hyatt (Ill.)** | HO | 600 | 550 | 410 | 70 | 62 | 2 | 7,500 |
| 23. | **Ponderosa (Ohio)** | FS, M | 575 | 545 | 517 | 715 | 698 | 35 | 750 |
| 24. | **Servomation (Conn.)** | CF | 550 | 533 | 518 | 1,050 | 1,025 | 27 | 560 |
| 25. | **Church's (Tex.)** | F-CH, BU | 540 | 504 | 480 | 1,500 | 1,379 | 121 | 395 |
| 26. | **Jack-in-the-Box (Calif.)** | F-BU | 538 | 498 | 455 | 784 | 795 | 10 | 735 |
| 27. | **Steak & Ale, Bennigan's (Tex.)††** | DI | 520 | 375 | 295 | 315 | 45 | 70 | 1,400<br>2,400 |
| 28. | **Dunkin' Donuts (Mass.)** | DO | 500 | 435 | 390 | 1,184 | 1,134 | 90 | 400 |
| 29. | **Collins (Calif.)*** | FS, F-CH | 499 | 451 | 426 | 630 | 686 | 68 | 865 |
| 30. | **Morrison (Ala.)** | CA, CF | 485 | 421 | 367 | 486 | 474 | 18 | 1,650 |
| 31. | **Western Sizzlin' (Ga.)** | FS | 485 | 450 | 410 | 635 | 590 | 650 | 765 |
| 32. | **Domino's (Mich.)** | F-PI | 475 | 256 | 155 | 831 | 582 | 420 | 385 |
| 33. | **Chart House (La.)*** | F-BU, SI, SE, DI, M | 430 | 382 | 355 | 503 | 498 | 14 | 1,425 |
| 34. | **Hilton Hotels (Calif.)** | HO | 430 | 385 | 350 | 1,500 | 1,420 | 65 | 500 |
| 35. | **Host Int'l (Calif.)** | CF, CS, DI | 420 | 400 | 375 | 200 | 187 | 17 | 2,100 |
| 36. | **Bonanza (Tex.)** | FS | 400 | 366 | 375 | 579 | 630 | 40 | 650 |
| 37. | **Interstate United (Ill.)** | CF | 390 | 372 | 361 | 1,395 | 1,350 | 30 | 395 |
| 38. | **K mart (Mich.)** | ISF, F | 372 | 345 | 320 | 2,373 | 2,281 | 90 | 150 |
| 39. | **Friendly (Mass.)** | CS | 370 | 336 | 303 | 641 | 626 | 25 | 550 |
| 40. | **Far West (Calif.)** | DI, ST, CS | 365 | 330 | 290 | 299 | 245 | 60 | 1,300 |
| 41. | **Godfather's** | F-PI | 346 | 312 | 255 | 776 | 636 | 160 | 470 |
| 42. | **Woolworth** | ISF, F-BU | 345** | 240 | 220 | 1,400 | 1,450 | 45 | 185 |
| 43. | **Spartan Food (S.C.)*** | F-BU, FS | 337 | 292 | 243 | 387 | 341 | 50 | 819 |
| 44. | **Service Systems (N.Y.)** | CF | 335 | 220 | 185 | 1,600 | 1,435 | 150 | 175 |
| 45. | **Dobbs Houses (Tenn.)** | CF, CS | 325 | 310 | 302 | 565 | 550 | 20 | 600 |
| 46. | **Mr. Donut (Minn.)** | DO | 325 | 291 | 230 | 966 | 925 | 50 | 340 |
| 47. | **Hilton Int'l (N.Y.)** | HO | 310 | 304 | 303 | 89 | 85 | 5 | 3,000 |
| 48. | **Perkins (Tenn.)** | CS | 310 | 283 | 265 | 360 | 340 | 18 | 825 |
| 49. | **IHOP (Calif.)** | CS | 300 | 310 | 285 | 407 | 425 | 6 | 600 |
| 50. | **Carl Karcher's (Calif.)** | F-BU | 290 | 240 | 201 | 358 | 309 | 42 | 800 |
| 51. | **Greyhound Food (Ariz.)*** | CF, CS, F-BU | 285 | 264 | 250 | 440 | 420 | 22 | 700 |
| 52. | **Stouffer's (Ohio)** | DI, CS, HO, CF | 285 | 263 | 245 | 115 | 100 | 17 | 2,000 |
| 53. | **Sky Chefs (Tex.)** | CF | 280 | 262 | 229 | 54 | 44 | 2 | 5,000 |
| 54. | **Pizza Inn (Tex.)** | F-PI | 275 | 229 | 223 | 719 | 735 | 76 | 410 |
| 55. | **Baskin-Robbins (Calif.)** | F-I | 265 | 250 | 238 | 2,625 | 2,621 | 4 | 125 |
| 56. | **Westin (Wash.)** | HO | 265 | 230 | 200 | 49 | 46 | 3 | 5,000 |
| 57. | **Sonic (Okla.)** | F-BU | 262 | 285 | 290 | 1,000 | 1,046 | 0 | 271 |

# NRN CHAIN ANALYSIS/PART 1

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| Sales Rank | Company (Headquarters State) | Types of Food-Service Chains | Estimated Total Food-Service Sales All Units Current Fiscal Year (Millions) | Total Sales Latest Fiscal Year (Millions) | Total Sales Previous Fiscal Year (Millions) | Number Units End of Latest Fiscal Year | Number Units End of Previous Fiscal Year | Estimated Number of New Units Current Fiscal Year | Current Estimated Average Per Unit Annual Sales (000) |
|---|---|---|---|---|---|---|---|---|---|
| 58. | **Chi Chi's (Ky.)** | DI-M | 250 | 140 | 70 | 55 | 28 | 37 | 2,500 |
| 59. | **Disney (Calif.)** | A | 250 | 180 | 160 | 135 | 96 | 15 | 2,100 |
| 60. | **Ogden Food (Mass.)** | CF | 250 | 220 | 216 | 1,500 | 1,420 | 55 | 166 |
| 61. | **Ramada Inns (Ariz.)** | HO | 250 | 228 | 205 | 607 | 675 | 75 | 550 |
| 62. | **Carvel (N.Y.)** | F-I | 242 | 215 | 166 | 820 | 778 | 25 | 310 |
| 63. | **Sambo's (Calif.)** | CS | 240 | 265 | 420 | 400 | 622 | 0††† | 400 |
| 64. | **Bob's Big Boy (Calif.)** | CS | 235 | 200 | 170 | 215 | 195 | 20 | 1,100 |
| 65. | **Horn & Hardart (N.Y.)** | F-BU, R, CH, HO, DI | 234 | 139 | 75 | 170 | 105 | 130 | 1,050*** |
| 66. | **Popeye's (La.)** | F-CH | 230 | 175 | 142 | 309 | 275 | 81 | 715 |
| 67. | **Macke (Md.)** | CF | 225 | 214 | 201 | 1,645 | 1,600 | 40 | 145 |
| 68. | **Krystal (Tenn.)** | F-BU | 220 | 196 | 160 | 390 | 351 | 35 | 800 |
| 69. | **Pizza Time (Calif.)** | F-PI | 215 | 150 | 55 | 320 | 245 | 70 | 850 |
| 70. | **Shakey's (Tex.)** | F-PI | 210 | 200 | 190 | 450 | 448 | 10 | 458 |
| 71. | **White Castle** | F-BU | 209 | 193 | 172 | 170 | 162 | 11 | 1,200 |
| 72. | **Custom Mgt. (Pa.)** | CF | 200 | 176 | 150 | 420 | 375 | 45 | 410 |
| 73. | **Duff's (Ohio)** | CA | 200 | 165 | 121 | 137 | 121 | 23 | 1,300 |
| 74. | **El Torito (Calif.)** | M-DI | 200 | 175 | 140 | 106 | 90 | 15 | 1,900 |
| 75. | **Seiler (Mass.)** | CF | 200 | 180 | 170 | 665 | 630 | 30 | 265 |
| 76. | **United Airlines (Ill.)** | AIR | 190 | 172 | 174 | 24 | 24 | 1 | 8,000 |
| 77. | **Furr's (Tex.)** | CA | 186 | 159 | 132 | 98 | 83 | 20 | 1,720 |
| 78. | **Mr. Steak (Colo.)** | FS | 185 | 170 | 163 | 258 | 250 | 6 | 640 |
| 79. | **Frisch's (Ohio)** | CS, DI | 183 | 172 | 164 | 240 | 234 | 7 | 735 |
| 80. | **York (Ohio)** | FS | 179 | 162 | 145 | 149 | 139 | 7 | 1,100 |
| 81. | **TGI Friday's (Tex.)** | DI | 175 | 140 | 125 | 85 | 80 | 65 | 2,300 |
| 82. | **Brock (Tex.)** | PI, HO | 172 | 164 | 160 | 199 | 202 | 0 | 800 |
| 83. | **Sportservice (N.Y.)** | CF | 170 | 159 | 145 | 625 | 540 | 65 | 200 |
| 84. | **Stuckey's (Ga.)** | F, CA | 170 | 165 | 158 | 280 | 272 | 10 | 500 |
| 85. | **Marie Callender (Calif.)** | CS, DI | 165 | 145 | 130 | 103 | 98 | 6 | 1,600 |
| 86. | **Village Inn-Vicorp (Colo.)** | CS, DI | 170 | 140 | 117 | 188 | 170 | 12 | 786 |
| 87. | **Wyatt (Tex.)** | CA | 165 | 150 | 140 | 123 | 115 | 6 | 1,525 |
| 88. | **A&W (Mich.)** | F-BU | 160 | 185 | 215 | 800 | 1,000 | 15 | 270 |
| 89. | **Waffle Houses (Ga.)** | CS | 157 | 143 | 131 | 458 | 429 | 22 | 319 |
| 90. | **Golden Corral (N.C.)** | FS | 155 | 135 | 108 | 226 | 184 | 49 | 710 |
| 91. | **Luby's (Tex.)** | CA | 154 | 139 | 119 | 64 | 59 | 6 | 2,400 |
| 92. | **Piccadilly (La.)** | CA | 153 | 143 | 127 | 81 | 79 | 4 | 1,700 |
| 93. | **Western Steer (N.C.)** | FS | 152 | 145 | 136 | 175 | 169 | 10 | 870 |
| 94. | **Szabo (Ill.)** | CF | 151 | 144 | 133 | 485 | 470 | 12 | 350 |
| 95. | **Gilbert/Robinson (Mo.)** | DI | 150 | 135 | 112 | 86 | 76 | 9 | 1,900 |
| 96. | **Rax (Ohio)** | F-R | 145 | 118 | 96 | 205 | 196 | 30 | 700 |
| 97. | **Whataburger (Tex.)** | F-BU | 145 | 130 | 117 | 320 | 300 | 22 | 490 |
| 98. | **Sirloin Stockade (Okla.)** | FS | 136 | 130 | 115 | 205 | 200 | 7 | 575 |
| 99. | **Country Kitchen (Minn.)** | CS | 135 | 152 | 160 | 250 | 280 | 0 | 500 |
| 100. | **Victoria Station (Calif.)** | DI | 130 | 160 | 170 | 95 | 100 | 0 | 1,250 |
| | **Industry Totals** | | **$56.1 Billion +11.1%** | **$50.4 Billion +11.5%** | **$45.2 Billion +11.7%** | **95,280 +4.5%** | **91,155 +3.8%** | **6,235 +6.8%** | |

Source: *Nations Restaurant News* Research

## KEY TO THIRD COLUMN

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| AIR | Airline Feeder | HD | Hotdogs | M | Mexican | SE | Seafood |
| A | Amusement Feeder | HO | Hotels | PA | Pancakes | SM | Smorgasbord |
| BU | Burgers | I | Ice Cream | PI | Pizza | ST | Steakhouses |
| CA | Cafeterias | ISF | In-Store Feeders | R | Roast Beef | T | Tacos |
| CF | Contract Feeders | | | | | | |
| CH | Chicken | | | | | | |
| CO | Convenience Stores | | | | | | |
| CS | Coffee Shops | | | | | | |
| DI | Dinnerhouses | | | | | | |
| DO | Doughnuts | | | | | | |
| F | Fast Food | | | | | | |
| FS | Family Steakhouses | | | | | | |

*Franchises which also have their own operations are included in the top 100 volume chart if they qualify. This is done to avoid duplication in the total figures since franchisees overlap with franchisors which are listed in the chart. These franchisees—Collins Foods (KFC), Chart House (BK), Greyhound (BK) and Spartan Foods (Hardee's)—have their total sales and number of units listed, but their duplicate franchise volumes and units have been factored out.

†Some $1.1 billion in annual sales of the 21 Big Boy groups are included in the totals for Marriott, which owns the master franchisor, Bob's Big Boys. Frisch's Big Boy units have been factored out of the grand totals as a duplication of the Marriott totals.

††Haagen Daz acquisition included only in projected new stores.

†††Conversions planned to Godfather's, Coco's and Baxter's.

**Includes projected Burger Kings.

***Bojangles average unit sales.

****Nonfood and nonbeverage volume has been dropped from figures.

# CHAIN ANALYSIS/PART I: DINNERHOUSES

## *New directions anticipated as Smith maps out growth*

**CHART HOUSE**

LAFAYETTE, La.—As recently as six months ago, the future of Chart House seemed predictable.

The company would reap cash from its giant-if-torpid Burger King division and plow it into two designated growth vehicles, Luther's Barbeque and Cisco's, a Mexican-style dinnerhouse chain.

But now, all that has changed with the surprise appointment of Don Smith as president and chief executive officer.

Nobody yet knows what that will mean to this diversified restaurant company. But they do know this from Smith's reputation as a shaker with McDonald's, Burger King and, most recently, Pepsico: He will take charge quickly, and change things dramatically.

Among his first acts will almost certainly be the move of the home office from this Mississippi River backwater to Smith's old home base, Chicago.

Chicago offers Chart House several advantages over the big town in the bayous: good transportation and access to suppliers and ad agencies.

But most important, a headquarters in Chicago will allow Smith to bring on board several of the executives he has worked with in the past who may have been reluctant to move to a rural setting like Lafayette. Bill Hyde, the president of Chart House for less than a year after Bob Luckey's jump to Sambo's, is not expected to stay with the company.

Smith's first job will be deciding what to do with the company's two low-return divisions, Cisco's and Cork N' Cleaver. The Cork limited-menu steakhouses underwent a purge two years ago when its division was dissolved and several of its units were converted to the then-new Cisco's concept.

But Cisco's has apparently failed to live up to expectations. Burdened by cast-off Cork sites, operational unevenness, and instability in key management positions, 17-unit Cisco's bodes well to become the first victim of the long-awaited shakeout in Mexican theme dinnerhouses.

At $9.50, its average check is too high to attract the blue-collar crowd—it turns to Chi-Chi's, which at $7 a person is perceived as a slightly more expensive alternative to fast food. Meanwhile, the Cisco's decor and ambience generally fall below the standards of its competitors in price, such as El Torito and Garcia's of Scottsdale.

Meanwhile, the remaining 37 Corks continue to suffer from a per person check average of $14.25. Customers who can pay this price are apparently put off by a chain restaurant setting—even an upscale one.

Smith's second job will be deciding if Chart House should keep its Burger King operation—at 374 units, the fast-food company's largest single franchise.

Some voices within Chart House had been urging the company to divest its franchise, because it was unwieldy and its performance sluggish. Cash on the nail could finance brisker development of the fast-growing Luther's Barbeque chain, they argued.

But now the Burger King group is on the upswing.

***CHART HOUSE***

**(Fiscal Year Ended Dec. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $354.6 | $382.0 | $430.0 |
| Net Profit (In Millions) | $17.7 | $18.7 | |
| Average Same Store Sales: | | | |
| Burger King | $736,000 | $782,000 | $805,000 |
| Luther's (In Millions) | | $1.3 | $1.5 |
| Chart House (In Millions) | $1.2 | $1.3 | $1.4 |
| Cork 'N Cleaver | $880,000 | $750,000 | $740,000 |
| Cisco's | $1.0M | $950,000 | $950,000 |
| Average Per Person Check: | | | |
| Burger King | | $2.90 | $2.90 |
| Luther's | | $4.00 | $4.15 |
| Chart House | | $17.50 | $18.00 |
| Cork 'N Cleaver | | $14.25 | $14.50 |
| Cisco's | | $9.50 | $9.50 |
| Number of Units | 498 | 503 | 518 |
| Burger King | 370 | 370 | 373 |
| Luther's | 9 | 18 | 33 |
| Chart House | 48 | 52 | 55 |
| Cork 'N Cleaver | 59 | 42 | 40 |
| Cisco's | 12 | 21 | 17 |

Source: *NRN* Research

**NRN* Estimate

Several stock analysts say the Battle of the Burgers ad campaign benefitted Chart House massively, boosting its average unit sales to just under $800,000—and putting an end to loose talk about selling the stores.

Even so, expanding the burger operation would be difficult. Despite the appeals of some store-hungry sublicensees in northern Illinois, Chart House apparently believes its stronghold is saturated and prefers to concentrate on its Sunbelt markets.

Meanwhile, the only problem with the 25-unit Luther's Barbeque division seems to be finding a way to manage its growth.

Departed Luther's president Mike Blackman did his job well—he secured commitments to more than 100 franchised units over the next five years, then left the company to become a franchisee himself.

With a per person check average of $3.90 and a family restaurant setting with a cafeteria-style line, Luther's may be positioned to reap customers suffering from burger fatigue.

Some suggest that barbeque, just like Mexican food, is a passing fad. But others retort that barbeque is, in fact, a traditional food throughout much of the country. Chart House, they say, did not invent barbeque in any of Luther's markets. They simply found a way to serve it in the chain restaurant format.

Can Don Smith do all this?

True, Chart House may be the most complex company he has ever managed—if not the largest.

But Smith is committed to success with Chart House—his long-term contract apparently contains a clause which hitches his earnings to the profitability of the company.

## *Charting an energetic course of diversification, realignment*

**W. R. Grace**

IRVINE, Calif.—W. R. Grace's fleet of over 600 restaurants has charted an energetic course of diversification, concept realignment and market penetration, under corporate executive vp Anwar Soliman, with much of the activity occurring in the company's Far West Services/Jojos division.

Most recently the company made news with an agreement with Sambo's to convert as many as 206 of Sambo's Seasons revamps to either Coco's coffee shops or Baxter's family restaurants. Sambo's would become a Grace licensee.

While keeping its restaurants in a constant state of flux, Grace goes on extracting improved financial performances. Restaurant sales of $634 million last year (up 6% from the year before) were about 11% of the conglomerate's total revenues of $6.1 billion. Of the corporation's 1982 net earnings of $319.5 million, restaurants contributed after-tax operating profits of $8.5 million (a 340% year-to-year gain).

In the company's reorganized Far West division, consolidation of chain identities among its 300-odd dinnerhouses and coffee shops is the ongoing thrust.

The El Torito division continues its Mexican-segment predominance, while pushing into eastern markets with help of conversion properties acquired from Far West and outsiders.

Another division, Gilbert/Robinson, operates the successful Houlihan's chain and will continue to expand its newer Bristol Bar & Grill concept, which features fresh fish and exhibition cooking.

Grace's fast-food division at last appears to be making a contribution with its Del Taco chain under former Burger King chairman Lou Neeb. The chain is currently undergoing a refurbishment of unit exteriors, including the addition of green-striped awnings.

Divisional newcomer Mor Food 'N Fun, under president Bob Morris, has mapped out a southern California expansion course for its two concepts, Gladstone's 4 Fish and RJ's The Rib Joint.

The 312-unit Far West group is among the busiest of the Grace divisions. Dinnerhouses are under executive vice president Ralph Roberts; coffee shops are under executive vp John Weaver.

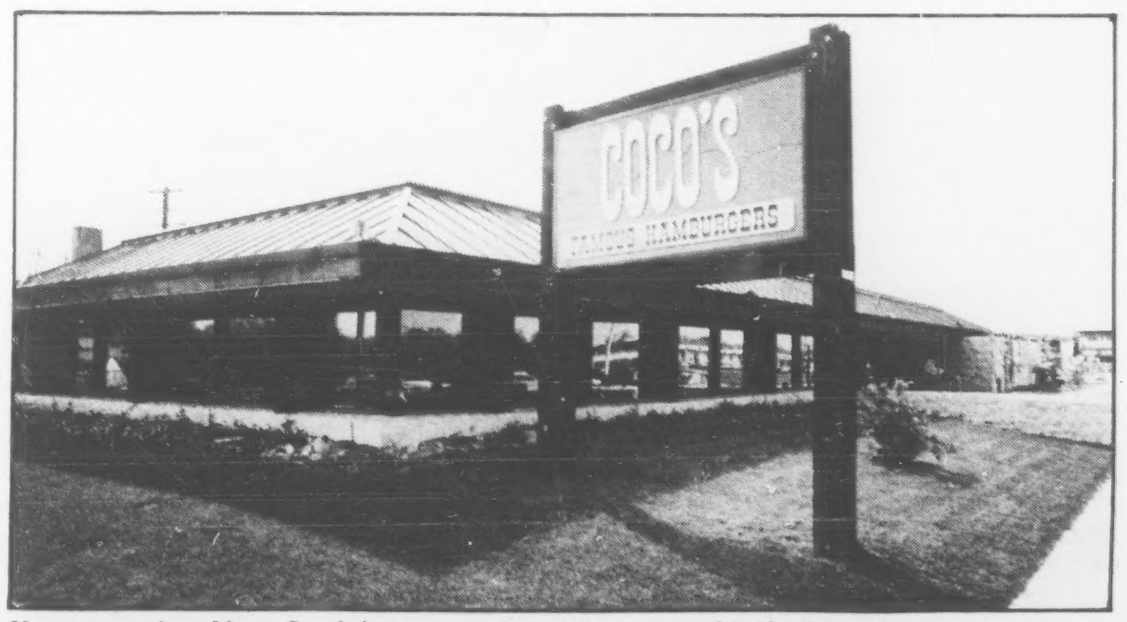
Far West is trying to unify its image to improve public awareness and the impact of its advertising. Reuben's restaurants are becoming the predominate vehicle. They are the division's original concept, developed by Far West founder John Reuben McIntosh. About two dozen of Far West's other concepts have been converted to the Reuben's name so far this year.

Far West especially if the Sambo's deal goes through will be pushing its turn-of-century Baxter's concept. About 13 of the moderately priced restaurant-bar operations have opened, mostly in California.

To retain some degree of individuality, Far West will continue operating many of its other concepts, which include such names as Moonraker, Moorings, Reuben E. Lee, Plankhouse, Sunday's and The Whaler. However, some of its weaker outlets in the East have been spun off to the El Torito division.

Last year Grace consolidated the Coco's and Jojos coffee shops into the Far West organization, resulting in "significant" overhead savings from regrouping under a single management structure. Test conversions last year of three Jojos units to the Coco's format reportedly showed immediate 20% sales gains—placing them in Coco's $1-million per-unit annual range. Consequently, Far West is converting nearly all Jojos units, most of which are in California and Texas, to Coco's in addition to using some of the units from the Sambo's agreement for this purpose.

**Anwar Soliman**
*executive vp, W. R. Grace*




***New conversion:** Many Sambo's restaurants may be revamped to the Coco's format.*

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# CHAIN ANALYSIS/PART 1: DINNERHOUSES

**CHI-CHI'S**
**(Fiscal Year Ended April 30)**

| | 1981 | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|---|
| Systemwide Sales (In Millions) | $70.0 | $140.0 | $250.0 | $375.0 |
| Revenues (In Millions) | $20.0 | $40.5 | $90.0 | $122.0 |
| Net Profit (In Millions) | $2.5 | $4.5 | $9.0 | |
| Average Same Store Sales (In Millions) | $2.5 | $2.5 | $2.5 | $2.5 |
| Average Per Person Check | $7.00 | $7.00 | $7.00 | $7.00 |
| Number of Units | 28 | 55 | 92 | 142 |
| Company | 12 | 24 | 44 | 69 |
| Franchised | 16 | 31 | 48 | 73 |
| % Menu Price Increase | | | 3.0% (In company stores only) | |

Source: *NRN* Research **NRN* Esimate

***Low check:** At $7, Chi-Chi's per-person check makes it an alternative to fast food.*

## High volume and low prices create fast-food alternative

### CHI-CHI'S

LOUISVILLE, Ky.—Chi-Chi's, the fastest-growing Mexican-style dinnerhouse chain with 50 new units planned, seems to be luring customers from the fast-food chains as well as other dinnerhouses.

Consider the numbers: The check average is $7, at least $1.50 lower than that of its competitors in the Mexican arena. The average unit serves more than 10,000 covers a week—a volume consistent with a fast-food restaurant.

And the relatively low percentage of liquor sales—35%—reflects a marketing strategy which aims for the family clientele to be found at the neighborhood your-kind-of-place instead of the ferns-and-quiche crowd targeted by some other dinnerhouse chains.

This is no mistake. To hear Shelley Frank, president and chief executive officer of Chi-Chi's, tell it: "We've tried to position ourselves between the full-service restaurant and fast food.

"With our check average as low as it is, we're just a little bit more expensive than the fast-food place down the street. Our customers are not the people who are choosing among several high-priced dinnerhouses. They are the people who are planning to go to a fast-food establishment. All we have to do is give them a little nudge."

Frank—and several stock analysts—also attribute the success of Chi-Chi's to what one observer called "an almost fanatic devotion to the operational nuts and bolts."

Chi-Chi's aims to become the dominant Mexican-style dinnerhouse chain, but it is not the only one. Benefiting from low food costs, high liquor percentages, rapid table turnover and, especially, the novelty of the Mexican concept, several companies have peppered the landscape with their own entries.

This has prompted many observers to predict a shakeout as soon as people get tired of the restaurants—which tend to be nearly indistinguishable from one another.

But Frank rejects their logic. "I see Mexican food continuing for several years," he says, comparing the segment to the pizza market—also described as saturated at a comparable stage in its development.

"Just like pizza was," he says, "the demand for Mexican food is greater than its supply."

But market differentiation may loom as the biggest problem in Chi-Chi's future. How do you make sure people know the difference between you and El Torito, Casa Lupita, Casa Gallardo, Cisco's, Annie's Santa Fe and Acapulco y Los Arcos when they're all cheek-by-jowl on the same strip?

Frank is slow to answer that one for fear of tipping his hand at a time when his competitors all strive to upgrade their operations and cash in on sky-high bar sales—one Guadala-HARRY's does 55% at the bar. But he asserts that Chi-Chi's will maintain its low prices and "family" atmosphere.

"We don't want to become known as the neighborhood watering hole."

The Chi-Chi's concept has started to reach out of its Midwestern stronghold into parts of the country which are more-or-less familiar with Mexican food, such as New Mexico and Texas.

But Frank says the Chi-Chi's product, which everyone agrees is somewhat bland—*very* bland compared to the Mexican food indigenous to the Southwest—will not perk up as it moves south.

"This country has become so mobile, so transplanted," he says, "our customers in these locations are not necessarily from that area. Our customer is not the one who's been going to the local places. Ours is the one who hasn't been going."

Intending to reap the economies of scale, Frank has plotted a long-anticipated move into Chicago—the plum of the Mexican dinnerhouse trade. Four units have opened there, while two are under construction. Frank says the market can absorb two more Chi-Chi's as well.

But he insists that Chi-Chi's and its powerful franchisees such as Kelly-Johnston and the Consul Corp. will never share markets

# FAST SEAFOOD

***Fast seafood chains, rather than compete among each other, have begun to position themselves against bigger game.***

## Shifting gears at the market crossroads

### JERRICO

**By Donald Frazier**

LEXINGTON, Ky.—Rejoicing in its first-quarterly sales increase in more than a year, Jerrico and its Long John Silver's chain stand at a crossroads.

Should the chain further consolidate its domination of the large-but-limited fast-seafood market?

Or should it go after bigger game by entering the fight for market share now heating up between the burger chains?

For the last several years, Long John Silver has regarded itself as primarily a seafood chain. As a result, it has positioned itself opposite other fast-seafood chains such as Arthur Treacher's and Captain D's, and has tried to broaden its seafood menu.

But LJS has apparently shifted gears recently.

In menu mix, marketing strategy and pricing, it has sought to depict itself as an alternative to the mainstream fast-food operations—specifically, Burger King and McDonald's.

"This is something that's occurred to a lot of us for the last several years," one Jerrico marketing staffer said. "We all wondered why we should talk about LJS in a vacuum or as a fish restaurant instead of treating the chain like what it is: fast food."

In other words, the fast-seafood segment—a $1.3 billion share of the dining-out market—may not exist, apart from the market for all kinds of fast food.

Jerrico has apparently gotten the message. Its new set of television advertisements abandons the usual soft-sell on the various virtues of Long John Silver stores. Instead, it makes a hard pitch for the customer who is tired of the regimented service and "ho-hum food" of many of the larger burger chains.

The results aren't in yet, but the third quarter seems to indicate a turnaround: average sales of comparable units edged upward 1% to $108,000, while net profit rose more than 10% to $4.47 million.

Hard on the heels of a dismal calendar 1982, this comes as a blessing to a Jerrico team which slowed down expansion in several markets over the year due to the weak economy.

Transcending seafood over the next year makes sense for Long John Silver, for a variety of reasons.

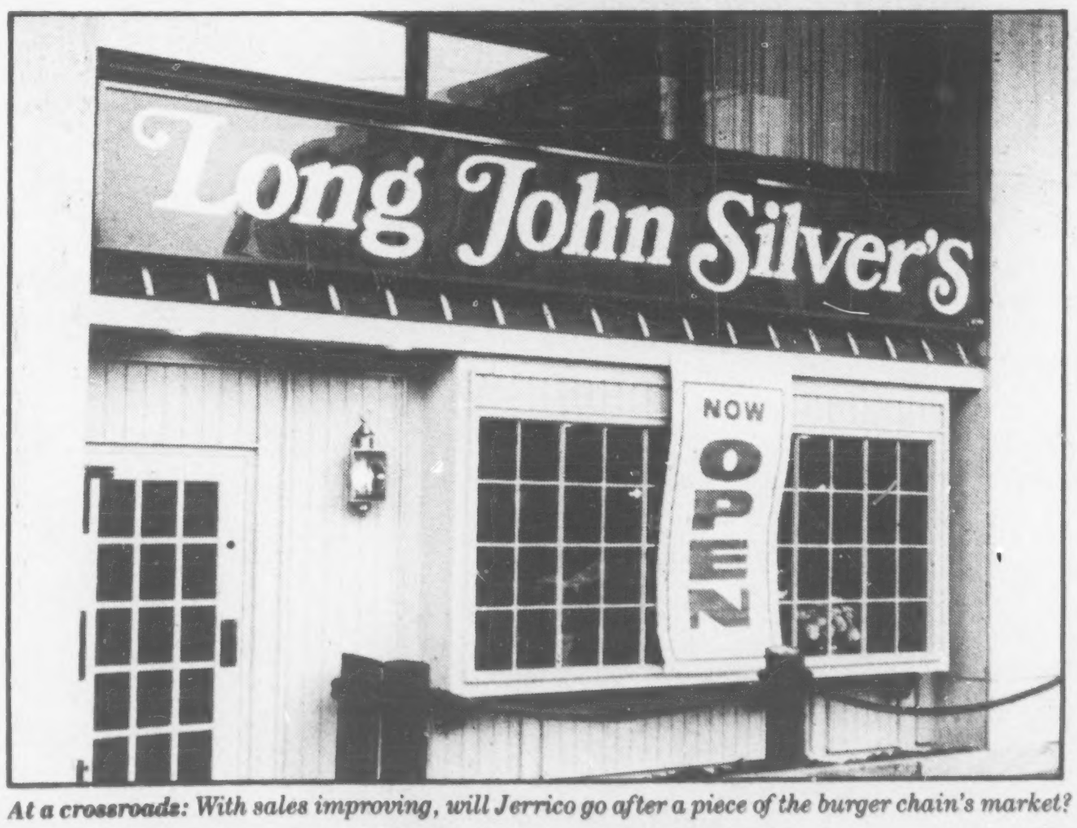
First—price. Seafood prices have been roughly stable for several months, and should keep on an even keel for about the next eight months. As beef prices continue their gradual-but-inexorable rise, the price advantage the burger chains had enjoyed over Long John Silver's over the last several years will diminish. For price-conscious customers, the choice will grow more difficult.

Second—customer resistance to thinking of fast-seafood operations as dinnerhouses. Many chains have toyed with the idea of upscaling themselves into the lower end of the seafood dinnerhouse market. They wanted to become the Ponderosas of fish.

Jerrico, in the forefront of this movement, rolled out an ambitious test of broiled fish, a product which has everything to do with a dinnerhouse setting but nothing to do with fast food.

But the test has apparently stalled in 30 units while the company reevaluates its performance—and its operational feasibility.

Company officers are sanguine about the next year's prospects, predicting that the slight economic upturn will almost certainly help Jerrico because the company was among the last hit by the recession.




***At a crossroads:** With sales improving, will Jerrico go after a piece of the burger chain's market?*

# CHAIN ANALYSIS/PART 1: FAMILY RESTAURANTS

***With the economy still favoring the lower check averages offered by fast feeders, family restaurants and coffee shops have taken a number of steps to woo patrons. Low-ticket breakfast specials, regional menus and daily dinner specials top the list.***

## Conversion strategy helping maintain market share gains

**DENNY'S**

**By Richard Martin**

LA MIRADA, Calif.—While real growth in customer traffic has slowed to about 2% in the past year, Denny's Inc. claims a continuing gain in market share in the full-menu coffee shop segment through acquisition and conversion of competitors' units. Meanwhile, Denny's is using its Winchell's doughnut shop division as a launching pad for new concepts.

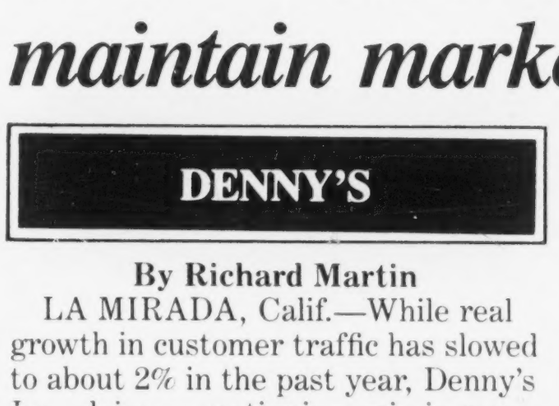
In the past 18 months Denny's has increased its operating restaurant fleet by more than 100 units picked up variously from Sambo's, VIP's and Alphy's. The company now has more than 930 North American units, including about 35 franchisees, plus nearly 200 foreign outlets, mostly in Japan.

With ROI for chain expansion maximized by its acquisition/conversion strategy, the company may add another 100 or so units in fiscal 1984, with only about 40 outlets coming on line from new construction.

Expectations that Denny's would acquire a substantial number of units from floundering Sambo's is now doubtful, however, in light of the franchising arrangement Sambo's has completed with Godfather's Pizza.

Denny's president Vern Curtis has promised the company will continue to boost average annual store sales (now about $950,000) from menu diversification and marketing know-how, concentrating on items that are not available in other coffee shops, or that are not readily or easily prepared by customers at home.

The company has enjoyed one of the highest gains in operating profits of any large restaurant company during its latest fiscal year (about 19%).



***On top:** Denny's posted one of the highest gains in operating profits (19%) in fiscal '83. Above: Denny's president Vern Curtis.*

***DENNY'S***

**(Fiscal Year Ended June 26)**

| | 1981 | 1982 | 1983* | Current Fiscal Year* |
|---|---|---|---|---|
| Systemwide Sales (In Millions) | $956.0 | $1,045.5 | $1,125.0 | $1,200.0 |
| Revenues (In Millions) | $849.0 | $955.7 | $1,060.0 | $1,195.0 |
| Net Profit (In Millions) | $26.9 | $36.8 | $40.0 | $45.0 |
| Average Same Store Sales | | | | |
| Denny's | $831,000 | $850,000 | $950,000 | $1.1M |
| Winchell's | $168,000 | $184,000 | $200,000 | $225,000 |
| Average Per Person Check | | | $3.07 | |
| Number of Units | 1,879 | 1,921 | 1,995 | 2,100 |

Source: *NRN* Research **NRN* Estimate

***For the third quarter** of 1983 ended March 25, Denny's reported a 13% gain in net profit to $8.08 million, compared to the same period last year. Sales for the quarter increased 12% to $258.7 million.*

But this gain was largely offset by a sharp drop in interest income from its short-term investments of more than $100 million. The resulting net profit gains of about 10% tempered the enthusiasm of securities analysts during the year, but many of those same analysts have begun turning more bullish on Denny's, predicting that its excess cash position will eventually be converted into operatings assets with higher returns.

In its most recent financial report—for the third quarter ended March 25—Denny's reported a 13% increase in net profit to $8.1 million vs. the same period last year. Revenue was up 12% to $258.7 million. Operating income in the third quarter was up 28%, which again was mitigated by declining investment income as interest rates slipped. Nine-month net profit and revenues were each up 11%, to $29.2 million and $781.8 million, respectively.

Winchell's unit sales have lagged slightly behind inflation in the past year, but menu price boosts raised average store sales to about $200,000 in the 855-unit chain. Curtis has said that doughnut houses will be expanded in stronger markets, following limited expansion in 1983.

Experiments designed to increase all-day appeal for the doughnut houses got off the ground with a so far "encouraging" 45-unit test in California of a five-item line of deli sandwiches.

The Winchell's division has also become the proving ground for a new fast-food barbecue concept, Uncle Jeb's, which should open its second prototype unit this year in a non-Winchell's location. The new Uncle Jeb's unit will add drive-thru capabilities.

## Breakfast buffet's success spurs more menu innovations

**SHONEY'S**

NASHVILLE—Shoney's Inc., buoyed by a 36-quarter streak of profit gains and a successful recent stock offering, has decided to place its greatest marketing emphasis on research and development of new products.

With the breakfast buffet proving to be a success in its Shoney's family restaurants, the Nashville-based company is experimenting with other menu concepts, like a late-night buffet and beef and seafood items not offered before in its stores.

Shoney's has targeted $40 million for capital investment this year. Some of that will be financed by the recent $18.5 million public stock offering.

About one-fourth of that capital investment—or $10 million—is earmarked for Shoney's newest restaurant chain, Lee's Famous Recipe Fried Chicken. Shoney's maintains the return on the lower-investment Lee's units is high, with pretax margins about 10½%-11%.

It was expected that Shoney's would put the lion's share of its capital investment into the chicken chain, which it has been operating fully for less than a year, but the biggest share of the program—$17 million—is still going to the more numerous Shoney's Big Boy and Towne and Country restaurants.

The chain's other major concept, Captain D's seafood restaurants, currently has the highest average store sales in the fish segment.

Chainwide expansion into new areas, however, is expected to be moderate.

Shoney's executives express no great desire to expand far outside their Southeastern-Midwestern base, and foreign expansion, at least for the foreseeable future, seems to be out of the question.

These executives boast that their company has been recession-proof, and the figures for real sales gains and profit increases back up the claim.

With a recovery under way and governmental regulation waning, Shoney's is looking toward even better results. What is particularly encouraging, says one executive, is that the minimum wage has not gone up. That, plus the stability of commodity prices, gives Shoney's, as well as other restaurant companies, good cost controls for the coming year.

***New menu items:** With the success of its salad bar and breakfast buffet, Shoney's will be placing increased emphasis on menu development. Above: Shoney's chairman Ray Danner.*

***SHONEY'S***

**(Fiscal Year Ended Oct. 30)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $572.0 | $700.0 | $715.0 |
| Revenues (In Millions) | $269.0 | $337.0 | $400.0 |
| Net Profit (In Millions) | $14.7 | $23.2 | $22.0 |
| Average Same Store Sales (In Millions) | | $1.0 | $1.1** |
| Number of Units | 728 | 990 | 1,055 |
| % Menu Price Increase | | | 3.5% |

Source: *NRN* Research **NRN* Estimate

**For Shoney's units only

# CHAIN ANALYSIS/PART 1: FAMILY RESTAURANTS

## *Slack earnings prompt new three-pronged corporate strategy*

**HOWARD JOHNSON**

BRAINTREE, Mass.—To help combat an estimated 13% drop in earnings for fiscal 1982, Howard Johnson has devised a three-pronged corporate strategy.

First, HoJo's will become more consumer focused and marketing oriented through expanded television advertising in more markets. Second, restaurant managers will be given more authority over individual unit operations, regular menu items and localized daily specials. Finally, Hojo's key executives, including chairman and president G. Michael Hostage, wil travel more frequently to all HoJo locations.

HoJo operates over 800 Howard Johnson restaurants, more than 520 motor lodges, 200-plus Ground Round restaurants and about three Red Coach Grills. HoJo recently reached an agreement in principle to sell 16 Red Coach Grills to Exeter Equities Inc., a privately held, Boston-based diversified real estate company.

To develop Ground Round into a high volume, high profit operation, Hostage and company must attract experienced unit managers, something HoJo has thus far failed to do. Many of the Ground Round problems can be traced to unqualified managers and their assistant managers. Actual chain average unit sales last year were approximately $900,000.

"With over 200 Ground Round restaurants and an aggressive expansion program, we have an ongoing need for capable managers," said Thomas J. Russo, HoJo executive vice president. "Developing management talent internally through training programs has been an important element in our growth."

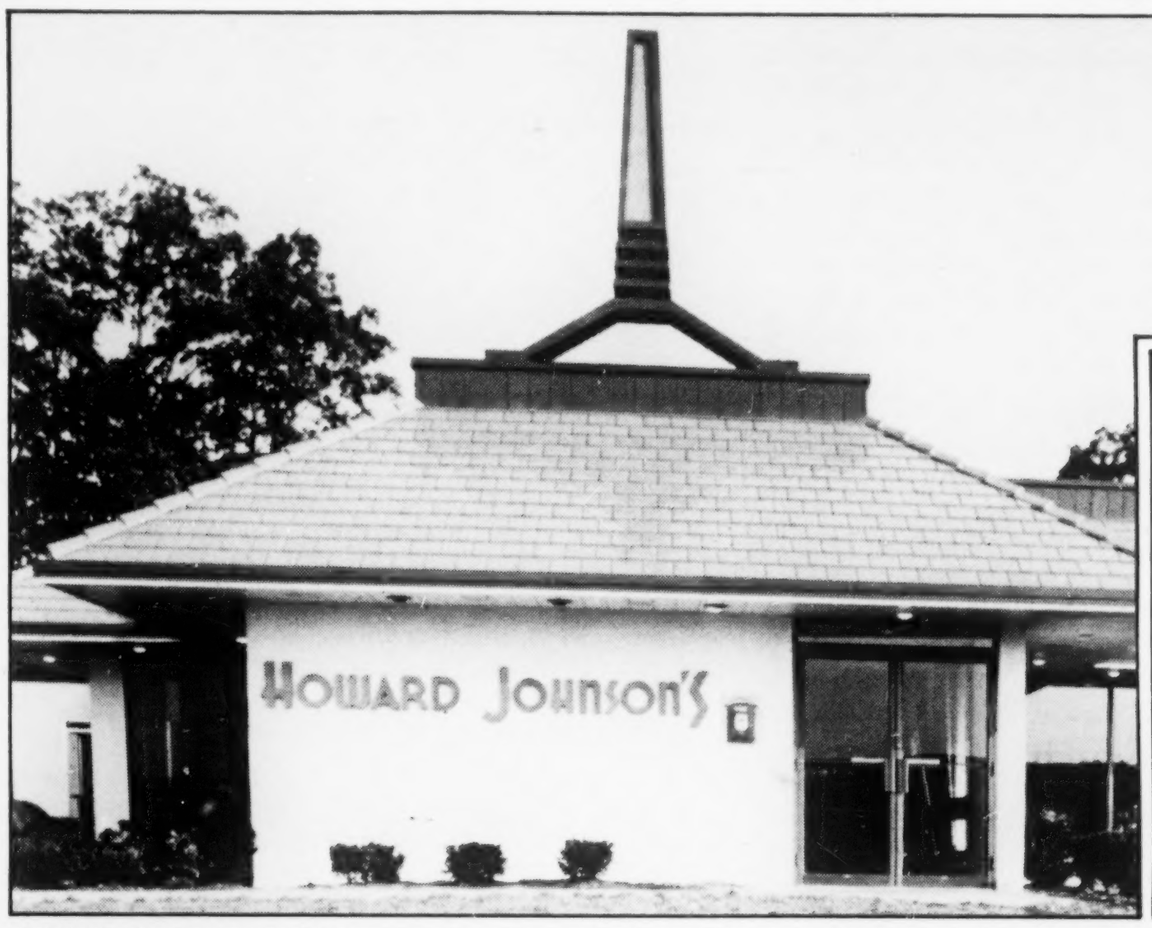
HoJo is in the process of rolling out 25 to 30 new Ground Rounds and renovating 20 others. Ground Round has potential annual unit volumes of $1.25 million to $1.5 million in many locations.

The 800 Howard Johnson restaurants average between $575,000 and $600,000 in annual sales, according to company officials. Many Howard Johnson restaurants are reportedly unprofitable and many of the worst performers have been closed to create higher return opportunities for the company.

HoJo recently agreed to be the exclusive Burger King franchisee in HoJo's nine-state toll-road area and for any other toll-road contracts obtained. HoJo has 87 service plaza turnpike restaurants among its 800 Howard Johnson restaurants.

"The first Burger King site will be built on a Pennsylvania toll-road in 1983," said spokesman Nancy Fisher. "This will provide us with the opportunity to give travellers two products—Burger King's fast and Howard Johnson's sit-down meals."

HoJo is also developing new restau rant concepts, but Fisher would not specify. A plan for a new hotel chain is being considered by HoJo's British parent, the Imperial Group Ltd., an $8 billion-plus tobacco and food conglomerate that bought the American firm in 1980.



***G. Michael Hostage (right),*** *Howard Johnson's chairman and president, has instituted a new three-pronged strategy in an effort to breathe new life into the chain's sagging operations. HoJo currently operates 800 Howard Johnson restaurants, more than 520 motor lodges, 200-plus Ground Round restaurants and about three Red Coach Grills.*

## *Promoting new ice creams; continuing unit enhancement*

**FRIENDLY**

WILBRAHAM, Mass.—Friendly has rolled out cocoa mocha, chocolate chip fudge and chocolate mint ice cream pies and is promoting them with a $6 million advertising campaign.

The Hershey-owned family restaurant chain that specializes in ice cream and other desserts has opened eight restaurants in the Richmond, Va., area, outside Friendly's traditional markets in New England, the mid-Atlantic States and the Midwest.

The 641-unit chain is in the midst of the second phase of a unit enhancement program that includes additional changes in interior decor, a new service system and additional booth seating.

Friendly has also standardized prices and menus at most of its ice cream and sandwich shops and family restaurants.

Sales rose 5.5% in real terms—after adjustments for menu price hikes—in 1981. Net profit increased 17% to $34.3 million on an 11% rise in sales to $335.8 million in 1982 compared with the previous year. The rise in sales was attributed to the opening of 24 new restaurants, new product rollouts, heavy advertising, and menu price increases.

Friendly is testing other ice cream products and has several seasonal menu additions—a melon-flavored sherbet roll in the summer and apple and pumpkin pies at Thanksgiving.

***FRIENDLY***

**(Fiscal Year Ended Dec. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $302.9 | $335.8 | $370.0 |
| Net Profit (In Millions) | $29.3 | $34.3 | $39.0 |
| Average Same Store Sales | $455,000 | $500,000 | $550,000 |
| Number of Units | 626 | 641 | 666 |
| % Menu Price Increase* | 10.0% | 5.5% | |

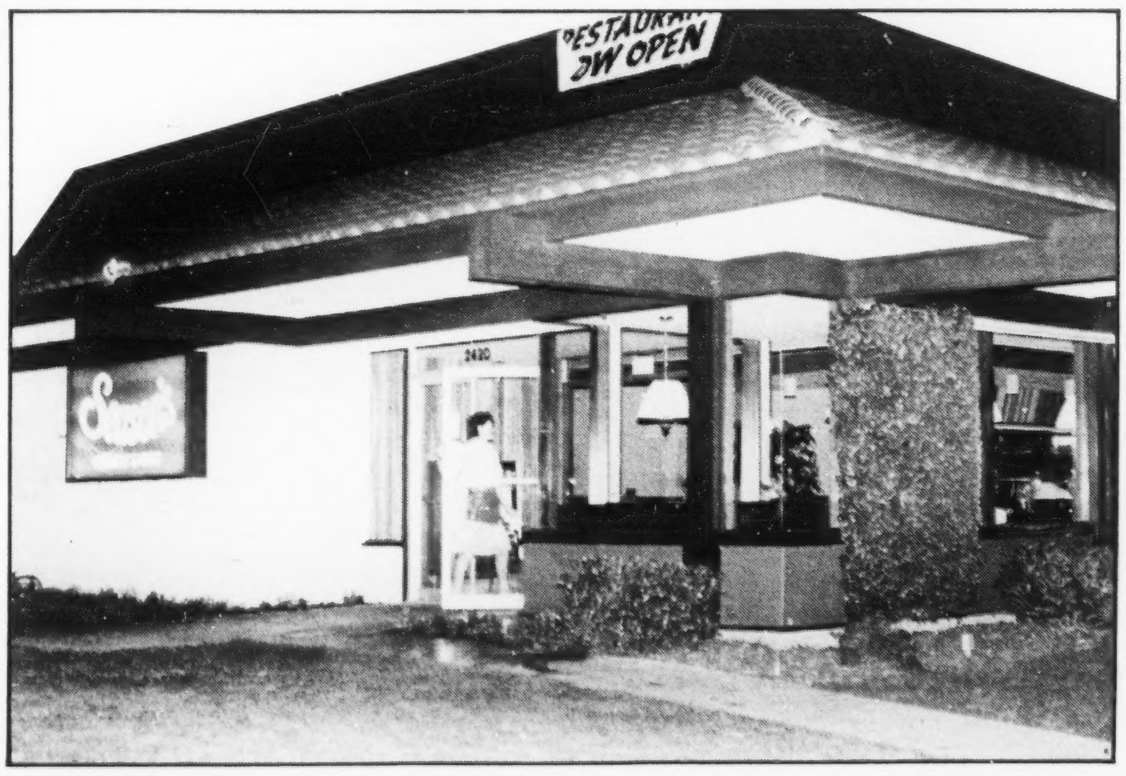
Source: *NRN* Research **NRN Estimate*

## *Season's failure sets the stage for last-ditch survival effort*

**SAMBO'S**

CARPINTERIA, Calif.—In 1983 real estate became the last-ditch refuge of Sambo's Restaurant's Inc., as the company sought to survive the ravages of Chapter XI by selling off many of its coffee shop properties, and by becoming either a franchisee or licensee of other food-service companies.

The abrupt failure of its ill-fated Season's conversion, made possible by court approval last November for $30 million in new debt, set the stage for a revised survival gameplan. In April Sambo's sought court permission to sell 250 of its remaining 618 units. In May the company struck a franchise deal with Godfather's Pizza for funding to convert 112 Season's outlets to the Godfather's concept.




***In May, Sambo's struck a franchise deal*** *with Godfather's Pizza to convert 112 of its failed Season's outlets to Godfather's Pizza restaurants.*

W. R. Grace entered the picture last month with a tentative deal to finance the conversion of up to 206 Sambo's units into Coco's and Baxter's restaurants, a move which would make the company Grace's first domestic licensee. If the Grace transaction gets court approval Sambo's would be left with about 300 units, including the 250 it had earlier applied to sell.

Seemingly one of the industry's major forces at one time with 1,120 units in 47 states. Sambo's $100-million-plus debt load and mounting operational losses forced it to seek protection from creditors under Chapter XI of the Federal Bankruptcy Code in November 1981. From that date until April 28, 1983, the company has recorded net losses of $114 million on revenues of $404 million. Last year alone, Sambo's lost $75.8 million.

# CHAIN ANALYSIS/PART 1: FAMILY RESTAURANTS

## Ice cream cookie, breakfast biscuit augment expanding menu

### DUNKIN' DONUTS

***New horizons:*** *Once limited to the East Coast, Dunkin' Donuts is currently extending its reach westward.*

RANDOLPH, Mass.—Slowly but surely, Dunkin' Donuts will expand its product line over the next year with an ice cream cookie sandwich in the north and a breakfast biscuit in the south.

The ice cream sandwich, meant to take advantage of fresh cookies from Dunkin' Donuts' on-premise bakeries, will probably hike volumes for the summer months, when sales are usually slack for the 1,184-unit chain.

The biscuits, served with sausage, cheese and other fillings, are intended to strengthen Dunkin's showing at breakfast by adding more sit-down business to the already-brisk, take-out trade.

They, too, will be prepared in the on-premise bakeries which became part of Dunkin' Donuts regular store format a few years ago with the introduction of a full line of bakery products.

After a year's test, each item will extend to the other side of the country; the company expects to fill in the rest of the system within a few years.

Robert Rosenberg, president and chief executive officer, claims that these new products—plus a continuation of the successful advertising campaign first aired a year ago—should combine to increase the company's sales 15% to $500 million during the next year.

But other observers attribute the last few years of growth in both sales and profits to other, more mundane factors: careful selection of markets and good relations with franchisees.

Once limited to New England and the mid-Atlantic States where it is still heavily concentrated, Dunkin' could have expanded by filling in other regions in the Eastern United States where it is already established.

Instead, it is reaching West. One relatively new market, Phoenix, will have more than 40 stores by 1988 if plans go smoothly. More than 15 new units are planned for Chicago's 75 units over the next two years.

Relations with franchisees, still sullied by several longstanding lawsuits, have improved markedly for Dunkin' Donuts.

The aggressive pace of new product development at corporate headquarters in this Boston suburb contributes to the placidity of relations. But most of the credit seems to belong to the company's new marketing posture.

Once content to advertise with newspaper ads placed by local cooperatives and an occasional lackluster commercial aired on late night television, Dunkin' has shifted to a national television ad campaign anchored by a set of clever ads.

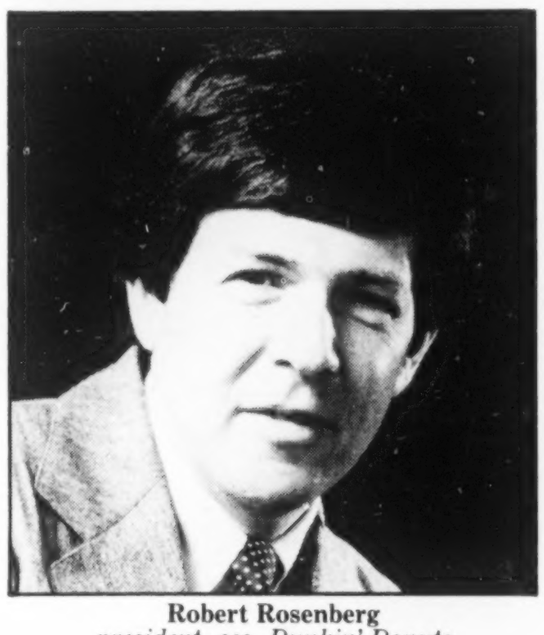
These humorous vignettes stress the freshness of Dunkin' Donuts. Their strategy represents a direct attack on the chain's fast-growing competitor: supermarkets with in-store bakeries which finish off pre-prepared items but bill them as "fresh-baked."

Although only 35% of Dunkin's customers take out donuts and other baked goods, they account for more than 65% of sales.

A new warehouse in New England proves relations with franchisees have improved. The owners of more than 200 shops in the area contributed $2,500 per unit to finance the 43,000-sq.-ft. facility in Westboro, Mass., which is entirely owned and run by franchisees with the company's advice.

The performance of the company's international division—minus its 55 units in Canada—remains a question mark for the next year.

Conceding that the 120-unit divisions have not achieved full profitability, Rosenberg asserted that the operations in the Far East and Latin America will start to show a proper return as soon as they achieve a "critical mass."



**Robert Rosenberg**
*president, ceo, Dunkin' Donuts*

***DUNKIN' DONUTS***

**(Fiscal Year Ended Oct. 29)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $390.0 | $435.0 | $500.0 |
| Revenues (In Millions) | $68.6 | $75.7 | |
| Net Profit (In Millions) | $5.7 | $6.6 | $7.6 |
| Average Same Store Sales | $343,600 | $376,200 | $402,320 |
| Number of Units | 1,134 | 1,184 | |

Source: *NRN* Research **NRN* Estimate

## Public stock offering signals diversification, unit development

### VILLAGE INN

DENVER—In less than a year, Vicorp Restaurants Inc. has changed from a quiet, privately held operator and franchisor of fewer than 200 Village Inn family restaurants into a bustling, diversified public company with four different restaurant concepts.

Vicorp had its initial public stock offering last fall. Since then, it has been busy boosting volumes at its family restaurants, developing two new dinnerhouse concepts, The Rose and Varieties, and acquiring Poppin Fresh restaurants and pie shops from Pillsbury.

Company executives insist they have not lost sight of their primary business—the Village Inn chain that has developed from an old pancake house format into an updated family restaurant concept. By the end of the fiscal year in October, there will be 200 Village Inn units, 12 more than a year earlier.

Village Inn restaurants are clustered in major markets in Colorado, Utah, Arizona and Nebraska. Vicorp is expected to continue opening about a dozen new units a year and may expand into Tampa and Orlando, Florida. All but 57 Village Inn restaurants are franchised.

Unlike many of its competitors, Village Inn has been posting real sales increases at company-owned units—sales after adjusting for menu-price increases—and by the end of October average unit volumes will reach about $786,000. Menu prices were raised less than 3.5% this year.

Village Inn restaurants are known in their market areas for breakfast items such as pancakes and omelets but units are open for three meal periods and offer complete coffee shop menus. Breakfast and lunch items are priced between $2.25 and $4.95 and dinner entrees from $3.95 to $6.95.

One new menu item at some Village Inn units are freshly baked pies that are made at the newly acquired Poppin Fresh units. Vicorp acquired Poppin Fresh from Pillsbury for $16 million earlier this year and has been continuing a menu diversification strategy combined with the upgrading and remodeling of some units.

Poppin Fresh restaurants sell a variety of pies to go and are mostly used by customers looking for dessert and a beverage. Pillsbury was not able to convince customers to try other menu items; Vicorp is trying to do that.

Poppin Fresh has new pita bread sandwiches, appetizers and dinner entrees such as sirloin steak and fried shrimp priced between $4 and $6. Vicorp must change the name of the chain by next February under terms of its agreement with Pillsbury.

Vicorp is also developing two new concepts, The Rose and Varieties. At the start of this year, there were four Irish pub-style casual dinnerhouses known as The Rose operating in Nebraska, Illinois and Wisconsin and there may be as many as 10 by October.

The Rose features a casual atmosphere, fresh seafood and other dinner entrees, imported beer and ale, and an ambience that is similar to Bennigan's or Houlihan's. The Rose units have about 175 seats, a $12 per-person check average and annual sales projected at about $1 to $1.25 million.

Varieties is a casual theme dinnerhouse that features four separate dining areas, a lounge with dancing, a full-dinner menu, and costumed waiters and waitresses who sometimes act out their characters: Mae West, Superman, Peter Pan and others.

Each of the four dining areas has a theme: future space, fantasy, Parisian and the Old West. The units are huge—about 12,000 sq. ft.—and cost about $2 million to open. Average annual sales are expected to be about $2 million, with a breakeven point of about $1.5 million.

Vicorp will franchise The Rose concept but will probably have only company-owned Varieties, due to the complexity of that operation.

***VICORP RESTAURANTS INC.***

**(Fiscal Year Ended Oct. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $117.4 | $140.0 | $170.0 |
| Revenues (In Millions) | $41.7 | $50.0 | |
| Net Income (In Millions) | $1.9 | $2.3 | |
| Number of Units: | | | |
| Village Inn Pancake | 170 | 188 | 200 |
| Poppin Fresh** | | | 59 |
| The Rose | | 4 | 10 |
| Varieties | | 2 | 3 |
| Average Same Store Sales (Village Inn Only)† | $720,000 | $728,000 | $786,000 |
| Average Per-Person Checks (Village Inn Only) | $3.00 | $3.40 | $3.50 |
| % Menu Price Increase | 2.0% | 3.5% | 3.0%* |

Source: *NRN* Research **NRN* Estimate

**Vicorp acquired the Poppin Fresh chain from Pillsbury for $16 million cash earlier this year.

†Figures are for the 57 company-owned Village Inn family restaurants only.

# CHAIN ANALYSIS/PART I: CAFETERIAS

***Traditionally associated with the South and Southeast, Cafeteria chains are bursting these geographical barriers with moves into Midwestern and Western states. Menus are expanding to keep pace with fast feeders and other competitors.***

## *Mounting a major advertising offensive*

**MORRISON°**

MOBILE, Ala.—With cafeterias in general suffering a long-term erosion of market share to specialty and fast-food restaurants, Morrison Inc. is developing a strategy aimed at winning back customers.

The 151-unit cafeteria chain, long its segment's leader, is mounting advertising offensives on three fronts: Against fast feeders, seafood restaurants and other cafeteria chains.

Stressing both quality and price, Morrison's has taken on fast food with a series of commercials depicting a family's decision-making process. It stresses Morrison's quality, with "somebody's in the kitchen at Morrison's," and price, noting that for a few pennies more diners can get a choice of menu items.

Against seafood restaurants in general—and by association Red Lobster in particular—Morrison's has launched "deep-sea days" chain-wide. Offering seven or eight seafood items from shrimp to fish, Morrison's is billing itself as "the best seafood restaurant in town." One bonus: Shrimp and fish boost tray averages.

In recent months Morrison's has also taken aim at Duff's Smorgasbords, without mentioning the competitor by name. Likening all-you-can-eat operations as places to "pig out," Morrison's anti-Duff's ads stress quality over quantity.

In addition, the chain is testing later closing hours at about 15 locations, staying open until 9 p.m. instead of closing as early as 8 p.m. The test is running in Atlanta and along the Gulf Coast and could be extended to Morrison's main Florida market this winter.

Morrison's is also beefing up its operations. Under a new policy, each unit is getting another manager, bumping up the number of supervisors to three from two. A new training facility has the job of churning out the 100 new managers needed.

In addition, the company has expanded its middle management ranks, adding 10 new district manager posts. The shift means D.M.'s will also be able to focus on fewer units.

With these moves Morrison's is demonstrating a new emphasis on customer service and marketing, a change executives have long been trying to achieve at the long tradition-bound company.

***Under president and ceo** Eugene Bishop (above), the 151-unit Morrison cafeteria chain is confronting its competitors head-on with a new advertising campaign that stresses quality and price.*

***On the operations front,** Morrison's is beefing up its middle management ranks and demonstrating a new emphasis on customer service and marketing.*

***MORRISON INC.***

**(Fiscal Year Ended May 31)**

| | 1981 | 1982 | 1983 | Current Fiscal Year* |
|---|---|---|---|---|
| Revenues (In Millions) | $320.7 | $366.6 | $421.5 | $485.0 |
| Net Profit Operating Profit (In Millions) | $12.9 | $15.7 | $18.7 | $23.0 |
| Total Units | 433 | 474 | 486 | 504 |
| Cafeterias | 141 | 147 | 151 | 161 |
| Buffets | 11 | 10 | 9 | 9 |
| Ruby Tuesday | | 18 | 24 | 32 |
| Western Steer | | 2 | 2 | 2 |
| Institutional | 267 | 297 | 300 | 300 |
| Admiral Benbow Inns | 14 | | | |
| Cafeteria Performance | | | | |
| Systemwide sales (In Millions) | $223.5 | $242.9 | $275* | $295 |
| Average Same Store Sales (In Millions) | $1.3 | $1.5 | $1.7 | $1.8 |
| Average Per Tray Check | $3.38 | $3.64 | $3.94 | $4.17 |
| % Menu Price Increase | 8.0% | 7.0% | 7.0% | 6.0% |
| Insurance Subsidiary Unconsolidated Net Profit (In Millions) | $1.1 | $0.9 | $1.3 | $1.4 |

Source: *NRN* Research **NRN* Estimate

## *Besieged by competitors, chain executives remain confident*

**PICCADILLY**

BATON ROUGE, La.—Competitive pressure is taking its toll on Piccadilly Cafeterias Inc. where traffic counts are running 2.5% below the year-ago level.

Furr's, Wyatt, Morrison and Luby's have opened new units near eight existing Piccadilly stores, depressing traffic counts by as much as 15%.

Yet Piccadilly executives remain confident their competitors' gains will be short-lived, for two reasons:

- The markets, according to their research, are big enough to support both Piccadilly and the interloper;
- Piccadilly's fare is generally more highly seasoned than its competitor's, offering consumers a discernible difference they will return to, executives believe.

As a result of the market-share battle, however, sales volumes for stores open at least a year are flat—at about $1.8 million. Average checks, counted by tray in the cafeteria business, are running at $3.49, representing only the 4% average weighted menu hikes instituted in the past year.

Revenues, nevertheless, are climbing in line with new store openings. Piccadilly added four new stores this year and has seven of the eight it plans in 1984 under construction now.

Net profits are headed down. The company, cash-rich and absolutely debt-free, invested its working capital in floating-rate preferred stocks. When the stock market went up, Piccadilly's preferreds went down. The company took a third-quarter $765,000 write-off.

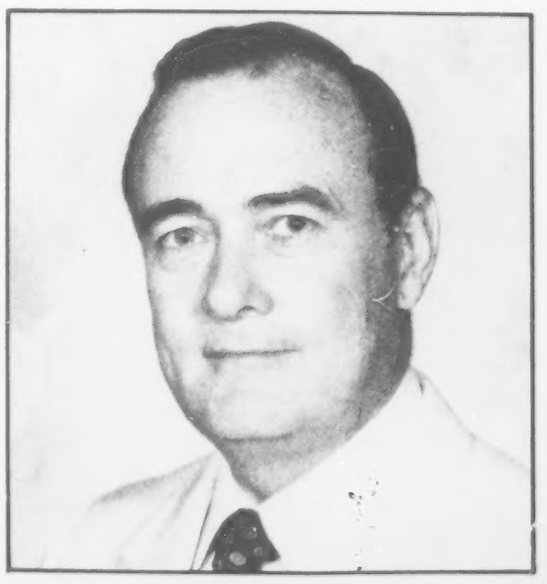
Executives have moved their cash back into traditional hoards such as certificates of deposit. They won't run with floating-rate preferreds again, they say.

***PICCADILLY***

**(Fiscal Year Ended June)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $127.2 | $142.6 | $152.6 |
| Net Profit Operating Profit (In Millions) | $7.8 | $8.4 | $6.5 |
| Average Same Store Sales | $1.7 | $1.8 | $1.8 |
| Average Per Person Check | $3.27 | $3.36 | $3.49 |
| Number of Units | 79 | 81 | 85 |
| % Menu Price Increase | | 7.0% | 4.0% |

Source: *NRN* Research **NRN* Estimate



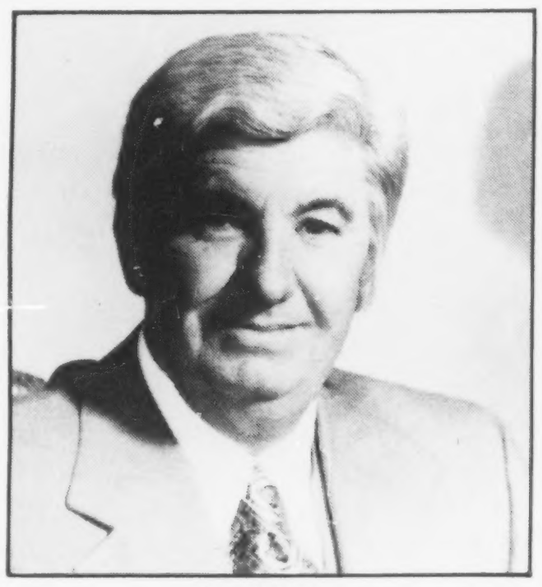
***James C. Malmberg** new Piccadilly president*

# CHAIN ANALYSIS/PART I: CAFETERIAS

## Plots ambitious trailblazing in California, the Great Plains

### FURR'S

LUBBOCK, Tex.—Furr's Cafeterias Inc. is going where few cafeteria chains have gone before—north into the Great Plains and west into California—and introducing the concept to a market that many doubted existed.



**Donald Furr**
*chairman, ceo, Furr's*

"The California market is wide open," said Don Fritz, vice chairman and senior executive officer. He adds, with no more than a trace of doubt, "Maybe there's a reason for that. We'll find out."

Furr's competitors once openly scoffed at the chain's ambitious building plans. But today they are signing with relief, thankful that Furr's is staking out new, untested territory instead of trying to land-grab market share in proven areas.

Furr's built 19 new units last year and closed four. At year end 98 stores were open. This year, Furr's projects 24 to 25 new ones, including two in southern California.

In the Midwest, Furr's has opened stores in Kansas—three alone in Kansas City—Missouri and Colorado. It has edged into Iowa and is headed for Utah.

In both the Midwest and California, it is meeting little competition. And the expansion seems to be paying off big: New units are scoring $1.8 million in annualized sales.

***FURR'S CAFETERIAS***

**(Fiscal Year Ended Dec.)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $132.0 | $159.0 | $186.0 |
| Average Same Store Sales (In Millions) | $1.5 | $1.6 | $1.7 |
| Number Of Units | 83 | 98 | 118 |

Source: *NRN* Research **NRN* Estimate

Competitors' doubts have centered around Furr's ability to staff the new units. But Fritz says new units get six-year veteran managers, whose assistant managers then take over the reins at the old stores.

Furr's competitors are perhaps most envious of Furr's financial wherewithal. As a subsidiary of K mart, the 2,200-store retailer based in Troy, Mich., Furr's easily raised $25 million early this year to retire about $50 million in mortgages on 18 old stores.

Fritz simplifies sale-leaseback financing: "We buy a hunk of ground. Build the building, nothing fancy, just plain and natural. Go sell it to somebody. Take the money and go build another."

Furr's has laid the groundwork for its expansion well. New central commissary facilities for cold and frozen goods were recently doubled in size—big enough to handle 250 to 270 cafeterias. A fleet of trucks—16 tractors and 25 trailors—ferries the goods to units. A new wing at the firm's Lubbock headquarters effectively doubles its size—enough to double corporate staff.

"Present projections," declared chairman Don G. Furr at the offices' ribbon-cutting, "will make us the world's-largest cafeteria chain by the end of this decade."

## Volumes stabilize, then rise as peso-shock, recession abate

### LUBY'S

SAN ANTONIO—Executives at Luby's Cafeterias Inc. are Texas two-stepping past the twin shocks of a recession that finally reached the Lone Star state and a round of peso devaluations that hit Mexican-border stores hard.

The peso started plummeting to one-fifth its value a year ago this month, but Luby's volumes now appear to have stabilized. In Houston, where Luby's has about 15 cafeterias, the jobless rate has doubled in the past year to 8%, but stores are running fractionally higher customer counts nevertheless.

When fiscal 1983 ends at the end of this month, tray averages and unit volumes will have risen in line with 5% menu price hikes and systemwide sales will have charted better than 10% growth on the year. That's up, but less than the gains to which Luby's executives are accustomed.

The top and bottom lines on Luby's fiscal 1984 income statement could show 15% to 20% growth in a return to the chain's historical pattern. The reason: Luby's, continuing its 10%-per-year physical-growth policy, will open seven new cafeterias this year. But the real kicker will come from the seven managed units which will become company stores in January.

With peso-shocks bottoming out and recovery expected for the Texas economy by January, Luby's executives will be able to look back at fiscal 1983 as nothing but a short sidestep.

***LUBY'S***

**(Fiscal Year Ended August)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $118.8 | $138.7 | $154.0 |
| Revenues (In Millions) | $110.2 | $129.2 | $146.0 |
| Net Profit (In Millions) | $9.8 | $11.6 | $14.0 |
| Average Same Store Sales (In Millions) | $2.2 | $2.3 | $2.4 |
| Average Per Person Check | $3.49 | $3.74 | $3.93 |
| Number of Units | 59 | 64 | 70 |
| % Menu Price Increase | 9.0% | 7.0% | 5.0% |

Source: *NRN* Research **NRN* Estimate

***Continuing its 10%-per-year*** *physical-growth policy, Luby's plans to open seven new cafeterias this year. (Left) George H. Wenglein, chairman and ceo.*

The chain runs some of the highest unit volumes in the segment, $2.4 million a year, and the fattest operating margins, about 10%. Furr's has cut into traffic counts at about three Luby's stores, but the cafeteria segment is known for its easy-going nature.

Executives have no plans to change Luby's debt-free balance sheet, instead financing all construction out of cash flow.

## Well-heeled franchisees providing momentum for growth

### DUFFS

FAIRFIELD, Ohio—Positioned with a concept all its own, Duff's Smorgasbord breaks onto the *Nation's Restaurant News Top 100* charting growth uncharacteristic of the capital-intensive cafeteria segment.

The chain expects a net addition of 23 new restaurants this year for a projected December year-end total of 160. The newest restaurants seat 400 and rack up close to $2 million in annual sales. They are replacing older units, sometimes as small as 200 seats, doing less than $1 million a year in volume.

Duff's owes its growth to a small band of well-heeled franchisees. It is the only chain in the segment that franchises. No other chain, except perhaps for K mart-owned Furr's, is growing as fast.

In addition to its growth strategy, Duff's is built on a unique concept: fixed prices, all-you-can-eat.

Customers generally pay $3.25 at lunch, $4.25 at dinner. They serve themselves from an entree steam table that revolves continuously through the kitchen and dining room.

For customers, so-called "circl-serv" means shorter lines and fewer bottlenecks. For Duff's, "circl-serv" means faster turns and lower labor costs.

Recent organizational changes have sparked rumors in the industry that the chain is gearing to go public. The move was expected this month but now appears to have been postponed to next spring.

Homer Duff, who founded the chain in 1967, remains chairman and chief executive, but Brett Hutchens, a former vice president, has moved into the presidency.

***DUFF'S***

**(Fiscal Year Ended Dec. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $121.0 | $165.1 | $200.0 |
| Average Same Store Sales (In Millions) | $1.0 | $1.1 | $1.2 |
| Number of Units | 121 | 137 | 160 |

Source: *NRN* Research **NRN* Estimate

# CHAIN ANALYSIS/PART 1: CONTRACT FEEDERS

***A sharp downturn in America's 'smokestack industries' has had a profound effect on the nation's contract feeders. Forced to find new outlets, the segment has turned its attention toward the white-collar sector, relying on larger numbers of small accounts.***

## Restructured marketing approach opens way to new flexibility

### ARA SERVICES

**By Susan Spedalle**

PHILADELPHIA—Executives at ARA Services say that the company is moving into a period of greater market penetration thanks to new ceo Joseph Neubauer and last year's restructuring of the company's food-service sectors along marketing, instead of geographical, lines.

Before year-end the company may also open public restaurants in office buildings.

The move away from territories to vertical market segments for the hospital, college, at-work and business dining sectors—plus the hiring of some new marketing people in the different sectors—has made ARA better able to handle the needs of each sector, according to ARAserve president John Farquharson.

Specifically, ARA can now take on smaller contracts, 200 people or more, in the at-work sector and provide the account with attended services instead of only vending machines. Before the reorganization of the at-work sector, an account as small as 200 people would have been too expensive for a company to subsidize and would provide little profit for ARA.

Farquharson also said that ceo Neubauer has given each business unit more autonomy and the ability to make decisions on their own.

Since the restructuring, the sectors have increased their number of accounts and decreased the number of accounts lost each year.

The company is also working on a number of experiments, one of which is called The Greenhouse. The Greenhouse is a self-contained, prefabricated, attended service which can easily be established at or removed from a company site. The flexibility of the system will mean greater services for ARA accounts.

Market research conducted by ARA has shown that in some cases public restaurants are the best way to provide food service for office buildings. "In the case of multitenant buildings," said Farquharson, "there is no one company that wants to put in a company cafeteria. So we may find ourselves going into the public restaurant business."

Farquharson said that ARA is seeing the economy strengthen slowly, and has already felt a small recovery in the auto and farming industries, but real recovery will probably be in the fall of 1984.

ARA purchased Solon Automated Services at the end of this year's quarter for $100 million. The Washington-based company provides laundry equipment for multifamily houses and owns and operates Sugarbush Valley ski resort in Warren, Vt.

***ARA SERVICES***

**(Fiscal Year Ended Sept. 30)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| **Systemwide Sales** (In Billions)** | $1.5 | $1.5 | $1.6 |
| **Operating Income (In Millions)** | $53.5 | $41.9 | $50.4 |
| **Average Per-Contract Sales** | | $850,000 | $850,000 |
| **Number of Contracts** | 1,750 | 2,000 | 2,300 |

Source: *NRN* Research **NRN* Estimate

**Systemwide sales is for food and refreshment sector only and does not include coffee or vending system sales.

## Tight management policies usher in era of expansion

### SAGA CORP.

MENLO PARK, Calif.—Saga Corp. has embarked on an ambitious expansion drive, capping five years of austerity and cost-cutting under the regime of chariman and ceo Charles A. Lynch.

A major capital outlay for acquisition of the 62-unit Dallas-based Grandy's fried chicken chain signifies a new stance by Saga, which has run lean and mean under Lynch since he was hired as chief executive five years ago.

The company s intention to position itself more strongly in the restaurant business is also revealed in the just-signed agreement to acquire Spoons Restaurants, Houston, a 5-unit upscale burger chain.

Since Lynch took the top spot at Saga, net profit has risen more than tenfold, and revenues have climbed sharply. Estimates for the fiscal year just ended have revenues verging on the billion dollar mark with net profit exceeding $20 million.

While contract feeding handled by four divisions accounts for the bulk of Saga's revenues, it has been the company's restaurant chains which have consistently yielded most of the profits. Lynch has credited continuing moderate food-cost inflation, stringent management cost controls and effective cash management programs for ongoing improvements in operating margins in both restaurant and contract segments.

Symbolic of the kind of tight and effective management policies Lynch and his team have instituted is the company's purchasing task force. The task force went to work almost two years ago, and has since trimmed well in excess of $1 million from Saga's $350-million annual bill.

Sales and margins in the company's restaurant group were up significantly in fiscal 1983. Revenue growth was up 12% in the first half, and another 20% in the third quarter for

*(Continued on page 124)*

***SAGA CORP.***

**(Fiscal Year Ended June 26)**

| | 1981 | 1982 | 1983* | Current Fiscal Year** |
|---|---|---|---|---|
| **Revenues (In Millions)** | $819.0 | $901.0 | $975.0 | $1,075.0 |
| **Net Income** | $25.5 | $16.8 | $21.0 | $24.0 |
| **Average Same Store Sales** | | | | |
| **Black Angus** | $2.3M | $2.4M | $2.5M | $2.5M |
| **Straw Hat** | $415,000 | $474,000 | $499,000 | $500,000 |
| **Velvet Turtle** | $2.0M | $2.0M | $1.9M | $2.0M |
| **Average Contract** | $699,500 | $754,750 | $810,000 | $820,000 |
| **Number of Units** | | | | |
| **Black Angus** | 73 | 80 | 95 | 105 |
| **Straw Hat** | 204 | 206 | 205 | 205 |
| **Velvet Turtle** | 22 | 23 | 23 | 23 |
| **Contract** | 838 | 847 | 857 | 850 |
| **Grandy's** | | | | 85 |

Source: *NRN* Research **NRN* Estimate ***NRN* Projection

***For the third quarter** ended March 26, Saga reported a 44% increase in net profit to $6.6 million, compared to the same period last year. Revenues for the quarter rose 10% to $252 million.*

## Courting the white-collar sector, penetrating Sunbelt states

### CANTEEN CORP.

CHICAGO—Canteen Corp., a subsidiary of Trans World Corp., is shifting its contract feeding business from the blue-collar employee manufacturing sector to the white-collar service market, including banking, insurance and high technology.

The recession has greatly reduced the nation's smokestack employment, and in turn, Canteen's manufacturing accounts. The company's major food and vending accounts in the automobile, farm implement, aerospace and consumer durables industries have traditionally suffered heavily during economic downturns.

Among Canteen's prime concession targets are nonindustrial commercial accounts, white-collar and Government office complexes, health care facilities, fee-based food-service operations, educational institutions, leisure markets, airports, schools and plazas, hospitals, zoos, convention centers, giftshops, municipal and state parks and major sports arenas like Yankee Stadium.

Specifically, Canteen has intensified its assault on white-collar contracts like the United Nations' concession stands, giftshops, cafeterias and dining room (taken over last year from Trusthouse Forte), the A.T.T. headquarters in New York, the New York Stock Exchange and the NASA Space Center at Cape Canaveral in Florida.

In addition, Canteen is trying to balance its geographical concentration in the industrialized states by broader penetration into the Sunbelt areas, with their prospect for population and economic growth.

The flagship project in Canteen's market reorientation is the brightly colored Gulliver's Deli, known as "The Giant Sandwich Maker." Canteen plans to expand its current 17-unit block by 15 a year until there are 100 Gulliver's locations nationwide.

"Our largest capital expenditures, between the expansion of Gulliver's and the southeast and southwest markets, will be made this year," said H. Kenneth Hatter, Canteen's director of marketing and product planning.

Canteen's food and vending division revenues in North America declined 7.6% last year to $517 million. The division now constitutes 57.5% of the company's annual revenue, down from 65% last year. Meanwhile, the concession division's volume grew 9.1% to $69.8 million.

Company profits of $22.9 million were slightly lower than 1981, even though revenues declined by 4.6%, or $36.7 million to $754 million.

Canteen is also expanding the scope of its "by the ounce" program, in which budget conscious patrons can determine the portion size and therefore the price of their meals.

"We are restructuring and streamlining our operations to move toward the white-collar market, but we're not going to abandon the industrial blue-collar market," said Canteen's president and chief executive officer since 1981, James T. McGuire.

Of Canteen's 950 cafeteria or executive dining room units, about 850 are company owned and operated and 90 franchised from a national organization.

***CANTEEN CORP.***

**(Fiscal Year Ended Dec. 17)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| **Revenues (In Millions)** | $790.4 | $753.7 | $825.0 |
| **Net Profit (In Millions)** | $21.9 | $20.6 | |
| **Number of Accounts** | 850 | 920 | 975 |

Source: *NRN* Research **NRN* Estimate

# CHAIN ANALYSIS/PART 1: CONTRACT FEEDERS

## Moves ahead with expansion despite lagging airline business

**MARRIOTT**

BETHESDA, Md.—Airline passenger traffic is on the rise after sharp downturns last year, but not enough to cheer Marriott's contract food-service group which operates 75 domestic and foreign flight kitchens and 45 airline terminal restaurants, lounges and concession stands.

Most of the gains in sales and operating income reported by the group are the direct result of Marriott's acquisition last year of Host International, whose flight kitchens and airline terminal shops were incorporated into Marriott's contract food-service group.

While awaiting a comeback in airline travel, increased airline food service and more spending by consumers at airline terminals, Marriott is moving ahead with plans to expand the group's food-service management division, which has reported strong gains in its health care and business feeding.

Francis "Butch" Cash, the corporate senior vice president who is credited with helping infuse life into Marriott's Roy Rogers fast-food chain starting in 1980, has been placed in charge of food-service management. He is also responsible for Roy Rogers, corporate procurement, distribution, and Courtyard by Marriott, the company's fledgling motel chain.

Food-service management provides meals to 150 executive dining rooms and employee cafeterias; 110 health care facilities; 20 colleges and universities, and at 12 tollroad restaurants in Delaware and New Jersey.

A weak link in the relatively strong food-service management division has been the 14 Marriott Restaurants on the New Jersey and Delaware turnpikes. Operating profits were off in 1982 due to a drop in customer counts.

Marriott two months ago turned two of those restaurants over to its restaurant group. The units have been converted into combination Big Boy coffee shops and Roy Rogers fast-food units in an experiment. If successful, further conversions will be made.

Sales and customer counts were up in the first few weeks of operation at the two converted units, according to a restaurant group spokesman.

Food-service management is seeking out new health care accounts

Marriott does not break out operating results of its divisions, but a spokesman said profits were up in each of the three divisions in 1982, with most gains due to the Host acquisition.

Operating income for the contract food-service group rose 23% to $51 million on a 36% sales increase to $820 million in 1982 compared with the previous year.

But sales and profits were hit hard by a downturn in airline travel, cutbacks by airlines in on-board feeding, Marriott's inability to raise prices charged to airlines for meals served on board, and economic and political crises in Latin America.

A dropoff in airline passenger traffic also meant lower sales at Marriott's restaurants and concession stands in airline terminals. And even when more pople started flying earlier this year, they were spending less at the terminals.

## Recreation, dining offset slip in vending

**SERVOMATION**

STAMFORD, Conn.—Though the recession decreased Servomation Corp.'s vending operations sales, the contract feeder's recreation and dining services sales continue to increase.

However, Servomation's vending operations still account for about 66% of company revenues while the dining and recreation segments have grown to represent the remaining 34%.

"While results from dining and recreation services improved significantly in 1982, the depressed level of industrial employment affected revenues and earnings from vending operations over the past two years," said James Ellwanger, Servomation's vice president of finance.

Servomation is a subsidiary of City Investing Co. of New York, which acquired the company in 1979. Servomation revenues increased from $518 million in fiscal 1981 to $533 million in fiscal 1982, but net income dipped from $27 million in fiscal 1981 to slightly under $23 million in fiscal 1982.

***SERVOMATION***

**(Fiscal Year Ended Dec. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Revenues (In Millions) | $518.0 | $533.0 | $550.0 |
| Net Profit (In Millions) | $27.0 | $22.8 | |

Source: *NRN* Research **NRN* Estimate

Servomation services thousands of clients including more than 300 of the Fortune 500 companies. The company serves industrial plants, shipyards, health-care facilities, correctional institutions, schools and universities, executive dining rooms, office cafeterias, convention centers and a variety of recreational facilities. Accounts include General Motors plants; AT&T and IBM office complexes; The Rose Bowl, Cleveland Municipal Stadium and Jack Murphy San Diego Stadium; Arlington Park and Yonkers Racetracks; Joliet Prison, and Stanford University.

Servomation provides 24-hour food service through 80,000 vending machines installed at plant, office and public locations.

## Marginal accounts dropped; targets white-collar market

**INTERSTATE UNITED**

CHICAGO—Interstate United, like many in-plant food-service and vending companies, will continue realigning its business and institutions division to capitalize on white collar expansion and offset its diminishing blue collar market segment.

At least half of Interstate's $400 million annual sales is generated by its 1,300 B&I account operations in 40 states. Vending machines still account for 70% of sales, while dining rooms and cafeterias (which serve an estimated 15 million meals weekly) provide 30%.

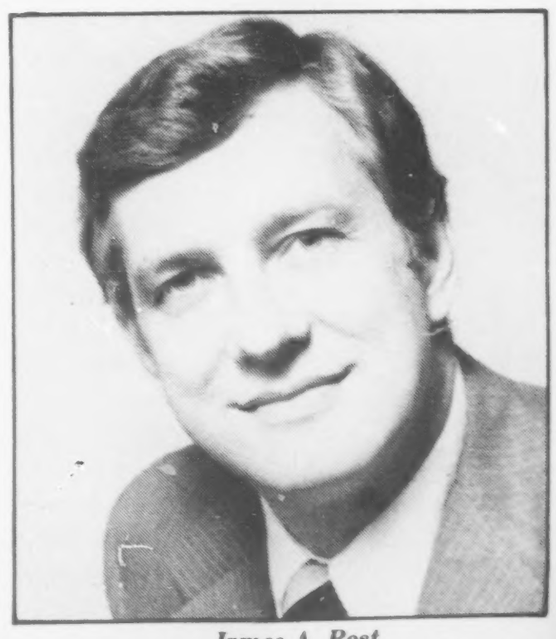
"We've eliminated marginal accounts and installed strong operations and financial controls," said Interstate president and ceo James Rost, who vowed not to completely abandon industrial feeding markets.

Interstate's B&I group, headed by Richard Stein, has numerous office building contracts, including Chase Manhattan Bank and Bankers Trust headquarters, McGraw Hill and the Prudential Insurance Co.

Interstate business has decreased at industrial plants like U.S. Steel and Republic Steel. But at the Vought Corp. airplane parts offices and factories in Dallas, Interstate's white and blue collar feeding services have been growing, according to a company spokesman.

Interstate runs food-service concessions at over 40 indoor arenas and various concert halls, multipurpose arenas, rock concert arenas and circus facilities.

Rost plans to further Interstate's involvement in health care facilities, schools and colleges, stadiums, arenas and convention centers.



***James A. Rost***
*president and ceo, Interstate United*

## Second major acquisition bolsters Reynolds subsidiary

**SERVICE SYSTEMS**

BUFFALO, N.Y.—Service Systems, the contract feeder owned by the R. J. Reynolds Industries Development Corp., recently completed its second major acquisition in less than two years.

Service Systems bought Manning's, an institutional contract food-service firm based in San Francisco. Manning's 300 clients, located primarily in the West, Midwest, Alaska and Hawaii, include business and industries and health and life care accounts.

By acquiring Stouffer's Management Corp. in January 1982, Service Systems added 115 accounts and increased fiscal 1981 revenues of $230 million to $280 million in fiscal 1982. Service Systems' services range from full-line cafeterias to executive dining and meeting rooms. The company now services about 1,500 restaurant, cafeteria and vending machine locations throughout the United States.

"We're particularly strong in the health and life care accounts area," said Polly Howes, an R. J. Reynolds spokesman. "This fiscal year we're turning our attention to growth markets like public and secondary schools, cafeteria services and separate building maintenance programs." Last year Service Systems landed more public and secondary school food-service accounts

Service Systems is also targeting public institution custodial and security contract services. The company's latest client promotion is T.R.I.M., The Right Image of Me, a nutrition education program.

## Tight policies usher in era of growth

**SAGA CORP.**

*(Continued from page 123)*

the combined Stuart Anderson's, Straw Hat Pizza and Velvet Turtle chains.

The restaurant group may get a bigger boost this year with the addition of Grandy's, a solid representative of the industry's growing country-style chicken and biscuit segment. Acquisition of Grandy's, which had systemwide sales of $48 million and corporate revenues of $22 million last year, was expected to close Aug. 1, the same date as the proposed Spoons closing.

The Spoons buy was set into motion when an earlier bid for Dallas-based Chili's, another high-class hamburger concept, fell through.

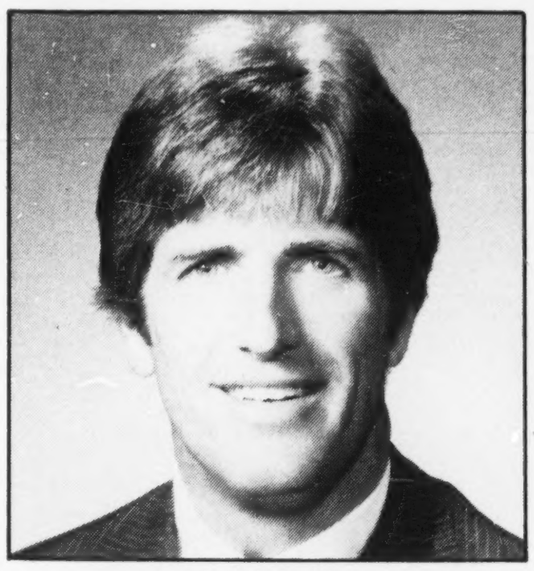
Through the nine months ended March 26, Saga reported net earnings of $18.4 million, compared to $13.9 million for the same period the year before—a 32% jump. Revenues rose by 8% to $729 million for the same nine-month span.

The 90-unit Stuart Anderson's Black Angus/Cattle Co. chain continued its strong position among Saga's chains, with per-unit sales of about $2.5 million for the year. Big gains in lunch and dinner counts were reported from the introduction of meal promos. Older units were systemically remodeled to increase dining capacity and modify lounges for a new recorded music format.

The Straw Hat Pizza division reported pizza counts up compared to last year. A "Fresh-to-Bake Pizza" concept was introduced; consumer acceptance of the bake-at-home product was favorable, the company reported. Straw Hat also introduced a down-scaled "Express" unit format, emphasizing a home delivery service concept in the first few units.

Customer counts were down for the year in the Velvet Turtle group, and new lunch and dinner menus and wine lists were introduced to help boost traffic.

# CHAIN ANALYSIS/PART 1: CONTRACT FEEDERS



***Daniel M. Goodyear***
*president, Sportservice*

***R. Thomas Prohl***
*vp, controller, Sportservice*

## *Aggressive bidding effort set for Olympics, '84 Fair*

**SPORTSERVICE**

BUFFALO—Sportservice Corp., a food-service concession company founded in 1915, will probably increase its horse track and jai alai fronton fine dining accounts in the coming fiscal year. The company also plans to bid aggressively on the concession contracts for the 1984 World's Fair and Summer Olympics.

Effective January 1983, Daniel M. Goodyear replaced Herbert E. Ring as president of Sportservice. Goodyear has vowed not to alter the short- or long-range direction of the company.

"Sportservice will continue to concentrate on its traditional market areas—professional sports centers and entertainment and convention centers," said Susan D. Wells, a Sportservice spokesman. Sportservice services almost 70 accounts in about 40 states and several foreign countries.

Company revenues climbed from $100 million in fiscal year 1981 to $110 in fiscal 1982. Company officials predict fiscal 1983 revenues of $120 million. Sportservice is a wholly owned subsidiary of Delaware North Companies Inc. of Buffalo, N.Y.

One of Sportservice's most extensive new accounts is the Washington, D.C. Convention Center. The company provides food service in the convention center's lounges, cafeterias, catering kitchen and permanent and portable concession operations.

Sportservice serves everything from snack and ethnic foods to gourmet fare. Clients include major league baseball stadiums; National Hockey League arenas; National Basketball Association arenas; National Football League stadiums; Major Indoor Soccer arenas; thoroughbred, harness, quarter horse and greybound racecourses; jai alai frontons; convention, business and industrial centers.

***SPORTSERVICE CORP.***
**(Fiscal Year Ended Dec. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| **Revenues (In Millions)** | $100.0 | $110.0 | $120.0 |
| **Number of Accounts** | 54 | 60 | 66 |

Source: *NRN* Research **NRN* Estimate

## *De-emphasizes vending; plans shift toward manual feeding*

**MACKE**

CHEVERLY, Md.—Macke, a business, industry, military installation and educational institution contract feeder, is moving into manual in-plant feeding and de-emphasizing its vending operations. Macke services approximately 1,600 accounts in 22 states and the District of Columbia.

"The recession hurt us, but the slight improvement in the economy has resulted in improvements at our old customer locations, which have been restoring their work forces and reopening their plants," said Harry Conn, financial vice president of Allegheny Beverage Corp. of Baltimore, Macke's parent company.

Macke food-service and vending programs made inroads in Houston recently with six Macke Marts, a self-service system offering a wide variety of foods and beverages, set up for a leading engineering firm. Several new accounts were also added in Wisconsin, Iowa and Minnesota.

"College food-service operations are another prime target for growth in our food-service and vending segment," said Conn. "The marketing effort are aimed at colleges with traditional resident student programs, as well as colleges with large commuting student populations."

Macke is attempting to take advantage of Allegheny's other divisions in selling its food-service and vending programs to prospective cleints. "We try to piggyback on our laundry services and building maintenance services in attracting potential food-service customers," said Conn.

Macke's total food-service revenue increased from $201 million in fiscal 1981 to $214 million in 1982 while operating profit was up from $11.6 million to $14.3 million. Macke provides executive dining room, self-serve, plant cafeteria and vending food services.

***MACKE COMPANY***
**(Fiscal Year Ended Dec. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| **Revenues (In Millions)** | $200.5 | $214.4 | $230.0 |
| **Net Profit (In Millions)** | $11.6 | $14.3 | |
| **Number of Accounts** | 1,600 | 1,600 | 1,650 |

Source: *NRN* Research **NRN* Estimate

## *Operations reach expanding to add housekeeping accts.*

**SEILER**

WALTHAM, Mass.—Seiler Corp., a $150 million-plus food-service management company, is expanding its health care, education, white- and blue-collar feeding and vending operations to include housekeeping accounts.

The new housekeeping accounts will encompass linen and laundry services, according to Richard Melgard, Seiler's senior vice president of sales and marketing.

"Ninety-five per cent of our total business is in food management, with the other 5% in manufacturing," said Melgard. Seiler's revenues increased from $135 million in fiscal year 1981-82 to more than $150 million in fiscal 1982-83. Seiler's hospital/health care dietary division accounts for 60% of its food-management business, added Melgard. The company has in excess of 700 food-service accounts.

Seiler services about 70 hospital/health care accounts and 40 school, college and industrial accounts. Industrial contracts constitute approximately 20% of Seiler's business.

Seiler services the mid-Atlantic region in addition to the Northeastern sector. The company was founded in 1932 and acquired by Phillip Gorman and James Cochrane in 1954.

"We service everything from executive dining rooms in banks and insurance companies to manual dining rooms and vending machines in industrial plants.

Seiler's latest hospital/health care accounts are Children's Hospital Medical Center in Boston and the Leahy Clinic in Burlington, Mass.

***SEILER CORP.***
**(Fiscal Year Ended Sept. 30)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| **Revenues (In Millions)** | $135.0 | $150.0 | $170.0 |
| **Number of Accounts** | 686 | 704 | 722 |

Source: *NRN* Research **NRN* Estimate

## *'Spectacular' account enlivens prospects*

**SZABO**

OAK BROOK, Ill.—Szabo Food Service, a contract feeder specializing in manual food-service operations, increased its total sales by $10 million in fiscal 1982 and recently landed a "spectacular" new account, according to company vice president/secretary treasurer/general counsel Peter Cowles.

Szabo's gross volume jumped from $133 million in fiscal 1981 to about $144 million last year. But net earnings decreased from $2.4 million in fiscal 1981 to almost $612,000 during the past fiscal year.

Szabo's financial prospects are bright, considering the 10-year concessions contract the company signed earlier this year with Wrigley Field, home of the Chicago Cubs' major league baseball team. Terms of the contract were not available.

***'We're holding our own with new business relative to lost business and declining population.'***

"Our sales have improved during the recession because of good new accounts like Wrigley Field," said Cowles. "We're holding our own with new business relative to lost business and declining population."

The Wrigley Field contract is Szabo's second professional baseball account. Szabo also runs the concessions operation at Anaheim Stadium, home of the California Angels. "Certainly, we'd be happy to land new sports accounts," said Cowles, "we like that kind of business."

Szabo will continue to "actively compete" for business and industry, leisure facility and health center accounts, added Cowles. In fiscal 1981-82 Szabo signed contracts with IBM, *The Chicago Tribune*, Cincinnati Bell Telephone and The State University of New York Downstate Medical Center in Brooklyn, N.Y. Szabo accounts range from small cafeterias to elegant executive dining rooms.

***SZABO FOOD SERVICE***
**(Fiscal Year Ended Sept. 30)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| **Revenues (In Millions)** | $133.4 | $143.6 | $155.0 |
| **Net Profit (In Millions)** | $10.3 | $8.1 | |

Source: *NRN* Research **NRN* Estimate

# CHAIN ANALYSIS/PART 1: HOTELS

***Faced with an ongoing downward spiral in room occupancy rates and near-saturation in some markets, major hotel chains are branching out, furiously adding new concepts in a concerted effort to stay ahead of their competitors.***

## Convention hotels, motels to broaden market coverage

### MARRIOTT

**By Joe Edwards**

BETHESDA, Md.—Marriott Corp. is broadening the scope of its fast-growing hotel business by building huge downtown convention hotels, testing a midpriced motel concept and stepping up expansion overseas.

These moves do not signal a retreat from Marriott's core hotel business, which is operating medium-sized, upper-end properties that appeal to business travelers. In the next few years at least, Marriott will concentrate on this segment.

Diversification, however, is seen as a way of facilitating and supplementing growth of the company's hotel group, protecting Marriott from continued softness in commercial hotel business and fully utilizing the vast resources of the diversified lodging and food service company.

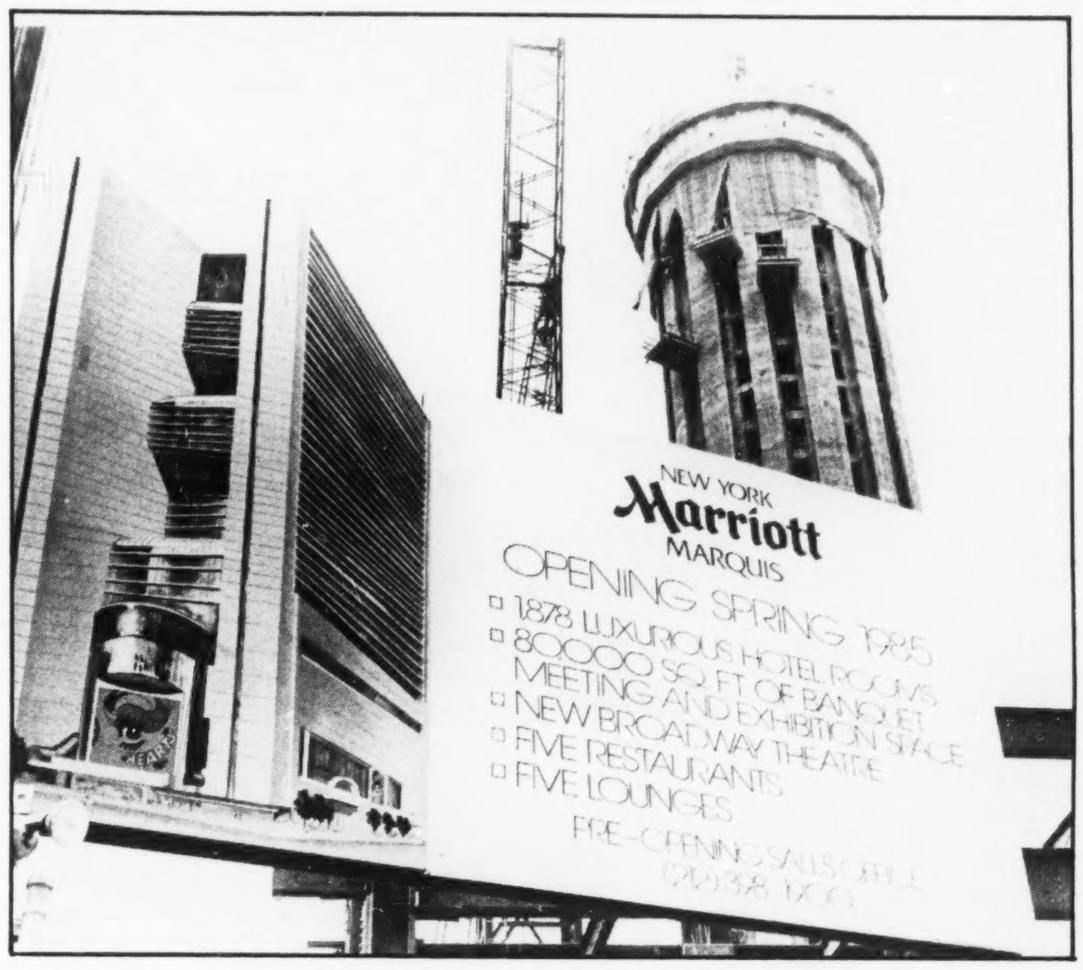
***J. Willard Marriott***
*chairman, Marriott Corp.*

Marriott officials in the last year have repeatedly indicated they are interested in further hotel group diversification. They have studied the feasibility of many types of lodging facilities, including budget hotels, all-suite properties, and casino-hotels, and have talked about acquiring existing hotel chains.

Having identified hotels as its primary growth vehicle, Marriott has increased the size of its hotel system at a rate of 20% a year over the past few years. By 1985, there will be 75,000 rooms in 150 hotels bearing the Marriott name, compared with 49,600 rooms in 118 properties at the end of 1982.

While continuing to build its traditional medium-sized properties, Marriott in recent months has moved in other directions, which are summarized here.

*Convention Hotels:* Marriott is building two dazzling hotels, the 1,880-room Marriott Marquis on Broadway in New York and the 1,670-room Atlanta Marriott Marquis. The hotels are flamboyantly designed and have large public atriums, indoor shopping centers, vast meeting and banquet facilities, and numerous restaurants and lounges. The cost of the New York hotel alone will exceed $300 million.




***Going up:*** *Marriott's most dazzling hotel to date is going up in midtown Manhattan—a convention property with 1,880 rooms costing more than $300 million.*

*Courtyard by Marriott:* The company surprised the industry in late spring by disclosing its plans to test five "modern country inns" in Georgia. The motels, which will open late this year and early 1984, will have fewer than 150 rooms each, room rates of $45 to $55 a night and small coffee shops. They will compete in the midpriced category with chains such as Holiday Inn, Days Inn, Ramada Inn and Quality Inn. The Courtyards will have few amenities—swimming pools and color TVs, yes, but bellhops, doormen and room service, no, and they will cater to the family trade.

"Customers in this category will be responsive to better quality and value, and we feel confident that the Courtyard concept will provide it," says Bill Marriott Jr., president and chief executive. He noted the midpriced category is the largest in the lodging industry, with about 750,000 rooms.

Courtyard by Marriott is a test. In a year, the company will decide whether to expand the concept nationally after officials evaluate sales, occupancy rates and whether the Courtyards are stealing customers from regular Marriott hotels.

Marriott is moving into the midpriced category at a time when many chains such as Holiday Inn and Ramada Inn are developing upper-end chains of their own to compete with Marriott.

*Overseas Expansion:* Marriott is building its 13th foreign hotel in Vienna and has expressed interest in opening hotels in major European cities. The only other European Marriotts are in Amsterdam and Athens. Marriott also has hotels in Mexico, Jordan, Egypt, Kuwait, Panama and Saudi Arabia.

Occupancy rates at Marriott hotels fell about two percentage points in 1982. Chainwide occupancy is about 77%, or 10 percentage points higher than the industry average. The hotel group posted a 15% rise in operating income to $133 million on a 32% rise in sales to $1 billion in 1982. Total Marriott sales were $2.5 billion last year.

By the end of this year, Marriott will have opened 12 new hotels and expanded the size of four existing properties for a total of 5,200 new rooms. Marriott manages 78% of its hotels, which are owned by others. Officials have expressed an interest in selling equity in some of the remaining company-owned hotels, which are valued at about $800 million.

## Upper-end chain, all-suite hotels planned

### HOLIDAY INNS

MEMPHIS—Holiday Inns Inc., the mammoth hotel, gaming and restaurant company, is developing two new hotel chains but is not forsaking its core business, "the broad middle market," says Robert Milburn, senior vice president.

"Our new efforts will represent a very small part of Holiday Inns," Milburn comments. Despite the company's development of an upper-end chain, Crowne Plaza, and a chain of deluxe all-suite hotels known as Embassy Suites, "Holiday Inns will continue to be what it is today."

Holiday Inns is the world's largest lodging chain, with 1,744 hotels at the start of this year. The company also operates casino-hotels in Las Vegas, Lake Tahoe and Atlantic City and operates and franchises 311 Perkins family restaurants.

Traditionally a roadside lodging chain, Holiday Inns has been moving into more airport and downtown sites in the past few years and upscaling its properties in an effort to attract a greater share of the business travel market.

Its latest attempt to woo more business people is the development of Crowne Plaza, a chain that offers more amenities and a nicer physical hotel layout. The first two Crowne Plaza hotels will open at San Francisco and Miami international airports. Eight others are under construction and 30 other hotels may be converted to the Crowne Plaza concept.

A room at Crowne Plaza will cost about $20 more a night than a typical Holiday Inn room, whose average cost was $41.78 in 1982. By the end of the year, 10 Embassy Suite properties will be under construction.

Holiday Inns, which commands a 16% share of the domestic lodging market, is not alone in its diversification into other hotel segments. Major competitors in the moderate-priced segment, including Ramada Inns and Quality Inns, are also going after the upper-end market.

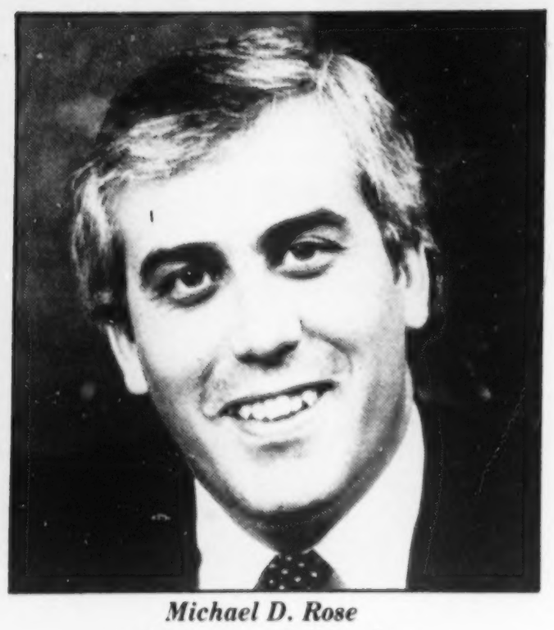
Meanwhile, Holiday Inns has about 16,500 hotel rooms under construction and continues to open one property every five working days. The company also continues to "retire"

*(Continued on page 130)*

***New directions:*** *Holiday Inns will not forsake its midpriced core market with two new concepts: An upper-end chain and a group of all-suite properties.*

# CHAIN ANALYSIS/PART 1: HOTELS

*Roy Winegardner*
*chairman, Holiday Inns*



*Michael D. Rose*
*president, ceo, Holiday Inns*

## *Upper-end, all-suite hotels planned to augment revenue*

### HOLIDAY INNS

some older properties, so the actual size of the chain shrunk by seven hotels last year.

The company and its franchisees are spending $120 million this year upgrading existing facilities or converting them to Crowne Plaza or Embassy Suites. Most capital spending is financed with internally generated cash, but Milburn indicated recently that Holiday Inns may be making financing deals now that interest rates have come down.

Net income in 1982 dropped about 45% to $75 million on a 5.4% rise in total revenues to $1.4 billion. The dramatic drop in profits was due to the economy, moderating room rate increases and the sale of Delta Steamships Inc. last December, a spokesman says.

Hotel occupancy rates held steady at 69.2%, the same as 1981, but room rates increased only 2% to $41.78 compared with 10.8% in 1981 and 12.7% in 1980. Food and beverage sales at hotels dropped in 1982, contributing to the 14% drop in hotel group operating income to $150.2 million.

Operating income in the gaming group rose more than 32% to $74.5 million in 1982, mostly due to the success of Harrah's Marina in Atlantic City, N.J., Holiday Inns is building a second Atlantic City casino-hotel in a 50-50 joint venture with the Trump Organization.

The 600-room hotel will have a 60,000-sq.-ft. casino. It is situated on the Boardwalk adjacent to the city's Convention Center. Harrah's Marina is a couple of miles away on an inlet.

Holiday Inn's family restaurant chain, Perkins, is continuing to struggle. In 1982, operating income rose 6.4% to $6.5 million excluding a provision for loss on the sale of nine company-owned units. Revenues rose 4.4% to $100.6 million.

Customer counts at Perkins have been improving steadily since 1980, when they were off 13.3% compared with 1979. Counts last year rose about 9% vs. 1981's figures. Average guest checks were about equal in the last two years, ranging from $3.50 to $4.

Average unit sales at Perkins restaurants are about $775,000.

**HOLIDAY INNS**
**(Fiscal Year Ended Dec. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Revenues (Millions): | | | |
| Hotels | $853.6 | $840.6 | $880.0 |
| Gaming | $388.1 | $472.7 | $530.0 |
| Restaurants (Perkins) | $ 96.3 | $100.5 | $105.0 |
| Other | $ 13.6 | $ 11.2 | — |
| Total Revenues from Continuing Operations (Billions) | $1.3 | $1.4 | $1.5 |
| Operating Income (Millions): | | | |
| Hotels | $170.9 | $150.2 | — |
| Gaming | $ 56.2 | $ 74.5 | — |
| Restaurants (Perkins) | $ 5.0 | $ 6.6 | — |
| Other | $ 10.8 | $ 4.9 | — |
| Total Operating Income | $244.6 | $234.8 | — |
| Income (Millions) | $98.7 | $97.2 | — |
| Income (Loss) From Discontinued Operations† (Millions) | $38.7 | ($21.2) | — |
| Net Income (Millions) | $137.4 | $76.0 | $80.0 |
| Average Hotel Occupany** | 69.2% | 69.2% | 67.0% |
| Average Room Rate** | $40.79 | $41.78 | $43.00 |
| Number of Hotels: | | | |
| Company Owned or Managed | 229 | 230 | 250 |
| Licensed | 1,522 | 1,514 | 1,524 |
| Total Hotels | 1,751 | 1,744 | 1,774 |
| Total Rooms | 308,113 | 312,302 | — |
| Square Feet of Casino Space | 184,197 | 201,463 | 201,463 |
| Number of Casino Tables | 463 | 483 | 483 |
| Perkins Restaurants: | | | |
| Total | 343 | 311 | 320 |
| Company | 101 | 94 | 100 |
| Licensed | 242 | 217 | 220 |
| % Menu Price Increases | 4.8% | 1.2% | 0.0% |
| Average Per-Unit Food-Service Sales | $750,000 | $772,000 | $800,000 |

Source: *NRN* Research **NRN* Estimate

**Company-owned and managed hotels only.

†Holiday Inns Inc. sold Delta Steamship Inc. in December 1982.

***Holiday Inns reported** a 9.1% drop in net profit to $22.4 million on a 5% revenue increase to $349.2 million for the first quarter ended April 1, compared with the same period in 1982. Net profits from continuing operations rose 7.7% to $22.3 million in the period.*

## *Negotiations continue on Braniff purchase*

### HYATT

ROSEMONT, Ill.—Airlines have developed hotel chains, but Hyatt could become the first hotel chain to own an airline if its Braniff plan flies.

Hyatt Hotels Corp., a management company with 72 properties under its wing, was negotiating feverishly with Braniff's secured creditors to resurrect the Dallas-based carrier from Chapter XI. Already Jay Pritzker, the Chicago entrepreneur whose family owns the hotel chain and much more, has doubled its initial $35 million offer.

In the theory of synergy, where one plus can equal three, observers see far-ranging tie-ins between Braniff and Hyatt.

The 60-year-old Pritzker apparently wants to recreate Braniff as an airline featuring the high-quality, upscale service that Hyatt offers in its hotels. The Hyatt name already has pulling power among business travelers. There is a natural fit in joining plane and hotel reservation systems.

In addition, the Pritzkers own 23% of Elsinore Corp., which with Hyatt, is part-owner of the Playboy Casino in Atlantic City, N.J. Analysts see a myriad of promotional tie-ins.

But whether Hyatt can rescue Braniff, and then make it fly, remains to be seen. Airlines in the past developed hotel chains to service their routes, giving passengers a place to stay in an otherwise underdeveloped land.

United Airlines owns Westin, Aer Lingus owns Dunfy, TWA owns foreign Hiltons. But in recent years airlines have been selling off their hotels—Pan Am sold Intercontinental and American sold Americana.

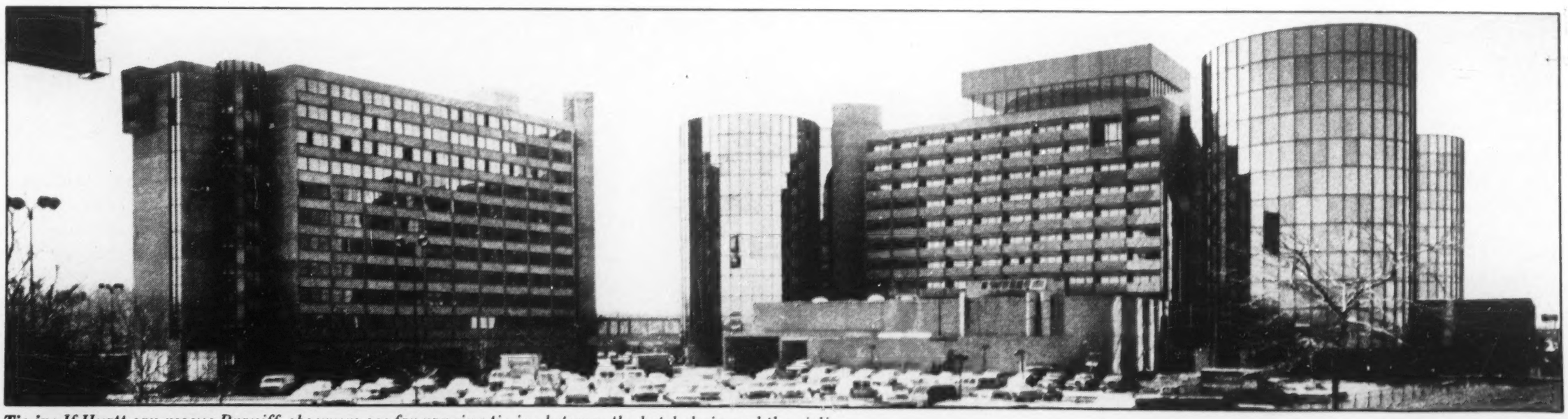
Pritzker's friends said he was determined to land the airline, but at presstime the deal was still up in the air.

**HYATT HOTELS**
**(Fiscal Year Ended Dec. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Billions) | $1.0 | $1.2 | $1.3 |
| Food-Service Revenues (In Millions) | $410.0 | $550.0 | $600.0 |
| Number of Hotels | 62 | 70 | 72 |

Source: *NRN* Research **NRN* Estimate

*Jay Pritzker*
*chairman, Hyatt Hotels Corp.*



***Tie in:** If Hyatt can rescue Braniff, observers see far-ranging tie-ins between the hotel chain and the airline.*

# CHAIN ANALYSIS/PART 1: HOTELS

## Adopts 'anticipatory stance' to remain competitive in 80's

### HILTON HOTELS

BEVERLY HILLS, Calif.—Battered by the recession and engaged in a market share war in the upper-end segment, Hilton Hotels Corp. is taking a long-range view of the lodging business by adopting an "anticipatory stance."

"It's easier to be reactive but far more painful in the long run," says Gregory R. Dillon, executive vice president. Hilton's challenge is to "create properties that will remain competitive throughout the 1980's."

*Hilton Hotels chairman Barron Hilton with a portrait of founder Conrad Hilton.*

Hilton, whose net income plunged 36% to $83 million in 1982 on only a 1% revenues increase to $620 million, is continuing an expansion program while keeping an eye on market saturation.

The company has 40 properties under development, including a $270 million casino-hotel in Atlantic City, N.J., a 400-room hotel at Changi Airport in Singapore and upper-end hotels in a number of domestic markets, including Miami Airport, Dallas-Fort Worth Airport, Walt Disney World in Orlando, Fla., Los Angeles Airport and Somerset, N.J.

Several of these new properties will be situated in areas where Hilton is not represented. The Singapore property is Hilton Hotel's first in an international market. (Hilton International, a separate company, has the rights to the Hilton name outside this country; the Singapore property will be called Conrad International and will be managed by Hilton Hotels Corp.; Hilton International is developing a chain of hotels in the United States called Vista International.)

"We have to be very careful of overbuilding, creating properties that will not be what the public wants," Dillon comments. He agrees that there is a market share war being waged by Hilton, Marriott, Hyatt, Sheraton and Westin, saying these five chains are "competing for conventions and there's just not that much business out there."

Hilton, which operates 238 hotels in 196 cities, has been concentrating on the development of airport, downtown and resort hotels. A majority of its properties compete for conventions and business travelers, markets hard hit by the recession.

As Hilton continues its expansion, it is trying to reverse a dramatic decline in occupancy rates. The overall rate for Hilton hotels and casino-hotels is about 62%, compared with 67% at the end of 1981.

Hotel occupancy slipped four percentage points to 60% in 1982, and casino-hotel occupancy dropped nine percentage points to 72%. The occupancy rate at Nevada casino-hotels was 72% last year, the lowest since Hilton entered the gaming business in 1970.

On the plus side, Hilton was able to spend $120 million on capital projects and investments last year without any outside financing and has had no long-term borrowing in the last two years.

The new Atlantic City casino-hotel, the company's largest development ever, will be funded by debt securities. The hotel, which will open in mid-1985, will have 634 rooms, a 60,000-sq.-ft. casino, four restaurants and two lounges. Plans call for an additional 1,270 rooms and 50,000-sq.-ft. convention center.

Hilton Hotels Corp. also operates the 3,174 room Las Vegas Hilton, one of the world's largest hotels; the 2,250-room Las Vegas Flamingo Hilton and the 585-room Reno Hilton.

***HILTON HOTELS CORP.***

**(Fiscal Year Ended Dec. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| **Revenues (In Millions):** | | | |
| Hotel Rooms | $219.0 | $224.0 | $230.0 |
| Food & Beverage | $161.0 | $164.0 | $170.0 |
| Casinos | $145.0 | $163.0 | $170.0 |
| Casino Promo Allowances | $(21.0) | $(25.0) | $(28.0) |
| Management and Franchise Fees | $35.0 | $37.0 | $40.0 |
| **Total Corporate Revenues** | $613.0 | $620.0 | $630.0 |
| **Net Income (In Millions)** | $113.0 | $83.0 | — |
| **Number of Hotels:** | | | |
| Company-Owned | 17 | 17 | 18** |
| Company-Managed | 31 | 33 | 40** |
| Franchised | 173 | 188 | 220** |
| **Total** | 221 | 238 | 278** |
| **Operating Income (In Millions)** | | | |
| Hotels | $71.7 | $58.8 | — |
| Casinos | $79.1 | $52.2 | — |
| Unconsolidated | $42.1 | $33.8 | — |
| **Total Operating Income** | $192.9 | $144.8 | — |
| **Occupancy Rates:** | | | |
| Hotels Only | 64.0% | 60.0% | 60.0% |
| Casino-Hotels | 81.0% | 72.0% | 72.0% |
| **Overall Occupancy** | 67.0% | 62.0% | 62.0% |

Source: *NRN* Research; company reports **NRN* Estimate

**At the start of the year, Hilton Hotels Corp. had 40 properties under development; not all of them will open by the end of the year.

## Specialized promos planned to boost flagging occupancy

### RAMADA INNS

PHOENIX—Ramada Inns is planning strong sales promotion programs aimed at specialized market segments to boost flagging occupancy.

Ramada has reported heavy losses recently, but its Renaissance concept expansion will proceed full speed ahead.

Sales promotion programs such as "Best Years" aimed toward senior citizens and "Female Traveler," aimed toward businesswomen, are also operations programs for Ramada personnel which acquaint hotel employees with guests' special interests.

In restaurants, for example, senior citizens are seated where there is plenty of light to read a menu and those with walkers or canes are assisted to seats near the door.

Other promotions include a "4 for 1" coupon program, which allows families of four to stay at a Ramada for the price of a single room, or the "Pacesetter" program, which freezes hotel rates at last year's prices for business travelers belonging to the Pacesetter Club. Last year the club had 70,000 individual members; this year the membership total is 120,000.

All together the nine programs bring in 38% of total occupancy. Such success has led to the addition of new programs for 1983-84, one of which is the "Ramada Performers." The Performers program awards points to individuals, often secretaries and travel planners, who book Ramada hotels for a second party. The points can be exchanged for catalog merchandise.

The recession was most strongly felt in this year's first quarter when the company declared a $6.4 million net loss. Revenues were up a negligible 1.7% to $130 million. (The Tropicana in Atlantic City, which sustained a $3.4 million loss last year, recorded an income of $1.4 million for this year's first quarter.)

High hopes rest on this summer season when Ramada officials say occupancy rates will come back.

"The hotel industry generally lags about six months behind the economy as a whole," says Ron Nykiel, executive vice president of marketing, "and the economy has really just begun to get better. We expect the business travel market to recover this fall."

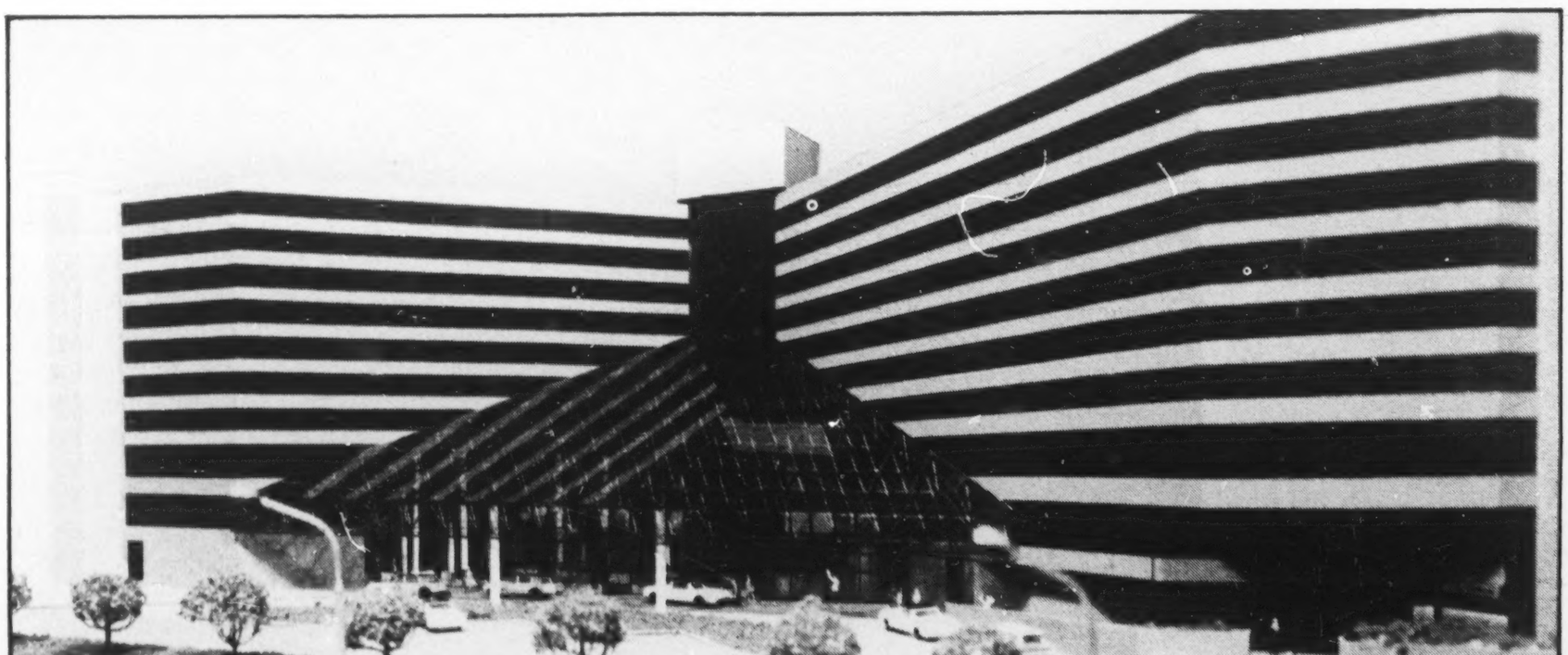
The chain of Ramada Renaissance hotels will include 16 properties by the end of 1983. All six of the new hotels are on foreign soil and the bulk will open this winter. Next year, however, Renaissance hotels are planned for early spring openings in Saratoga Springs, N.Y., and Denver, Colo., which will get its second Renaissance.

***RAMADA INNS***

**(Fiscal Year Ended Dec. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| **Systemwide Sales (In Millions)** | $205.0 | $228.0 | |
| **Net Profit (In Millions)** | $97.0 | $102.0 | $88.0 |
| **Average Same Store Sales (For Company Stores)** | $303,700 | $480,000 | $550,000 |
| **Average Per Person Check** | $4.64 | $4.66 | $4.75 |
| **Number of Units** | 675 | 607 | 682 |

Source: *NRN* Research **NRN* Estimate



***Full steam ahead:*** *Even though Ramada has reported heavy losses recently, it plans to go ahead with its Renaissance concept expansion.*

# CHAIN ANALYSIS/PART 1: BUDGET STEAKHOUSES

***With heavy concentration of units in the still-depressed Midwestern states, budget steakhouse operators continue to bank strongly on an economic turnaround in the near future. Meanwhile, some have turned to alternative concepts with a more upscale twist.***

## *Success formula: Lower checks equal higher customer counts*

### PONDEROSA

DAYTON, Ohio—Concentrating on its operations in the industrial heartland allowed Ponderosa to increase its leading share of the budget steakhouse market to 35% over the last year, the company said.

Ponderosa did this by dropping its check average to about $3.80, which lies in the $2-to-$4 range where 3 out of 5 meals take place in chain restaurants.

The result: a 5.7% increase in customer counts, and a nudging return to the levels of profitability which Ponderosa enjoyed in the late 1970's. During fiscal 1983, the operator of 682 steakhouses posted net income of $10.4 million—a 25% improvement over the previous year.

Reducing the check average was part of a strategic plan devised by Ponderosa president Gerald Office and his management team in late 1981, when the company's operations were facing a deep recession and high unemployment in many principal markets.

Unlike some of its competitors who were hurt by the same conditions—Bonanza, for example—Ponderosa did not consider leaving the Midwest and the Great Lakes region for the palmier markets of the Sunbelt.

Rather, it decided to take advantage of a relatively unique characteristic among major food-service chains: a high ratio of company-operated units to franchised units, 447 to 235. This means two things: the company has greater control of its system, and it pockets a much greater share of any extra business.

Executives reasoned that even a modest gain in customer counts would more than pay for the measures needed to attract the new business.

The measures were many. One was a revision of the system's menus to comprise more lower-priced entrees. Another was a program to physically upgrade units. Another was advertising: The marketing department engaged a top-of-the-line New York agency to produce a series of television spots asserting that Ponderosa's food has high quality as well as low prices.

The full results of this program are not conclusive. For one thing, many observers of the company speculate that it weathered the recession so well only because so many independent competitors on the Ponderosa price range were driven out of business during the downturn, and may pop up again soon.

And Ponderosa remains vulnerable to increases in beef prices, making it, in the words of one stock analyst, "the most cyclical company in the industry." It has enjoyed some success in diversifying its menu over recent years, but the strong preference for red meat in its major markets could limit movement in this direction.

Which may be why Ponderosa has placed some of its chips on a new Mexican dinnerhouse concept, Casa Lupita. Despite suspicions that the segment is overcrowded and due for a shakeout, the company completed the purchase of a small Western chain, Casa Lupita, and began to build units in the east—two steakhouse conversions, and one new building.

The new head of the company's specialty restaurant division, Edwin Ourant, reports exceptionally high average annualized sales from the test unit in Dayton, in excess of $2.5 million.

Ponderosa intends to open as many as 10 of the new restaurants by the end of fiscal 1984, and even wants to begin franchising the concept. But the division is now in a holding pattern while its managers fine-tune operations.

Clearly, great things are expected of the new division: Donald Jackson, chief financial officer, has said that "10 Casa Lupitas could have the same impact on our bottom line as 80 Ponderosas."

But Ponderosa is a latecomer to the Mexican dinnerhouse field. Casa Lupita is coming into its own just as many in the industry are predicting a shakeout.

**Gerald Office**
*president, ceo, Ponderosa*

Another endeavor the company placed hope in—the expansion of the Ponderosa system overseas—seems to hold gloomy prospects. Ponderosa has apparently failed to find any willing foreign franchisees, despite the premiere of its show unit in a London suburb.

But Ponderosa's meat-packing subsidiary, ESI Meats, is on the way to fulfilling its promise as a "cash cow." Sales have increased by "more than half" for the division over the last year as it reduces its dependence on the Ponderosa steakhouse system.

## *Expanding restaurant operations with eye toward West Coast*

### COLLINS

LOS ANGELES—Bouyed by solid performances of its KFC and Sizzler subsidiary operations in fiscal 1983, Collins Foods has moved to expand all its restaurant holdings, and plans to continue experiments with new concepts and menu modifications.

After selling 44 KFC units in eastern states back to KFC Corp. last year, Collins has now taken steps to acquire 41 KFC units in the Seattle area—a move which would regain for the company its former status as KFC Corp.'s largest franchisee. The proposed acquisition of Gil's Enterprises, the 41-unit KFC franchisee, would also fulfill Collins' strategy of consolidating its fast-food operations in West Coast core markets.

Collins' 71% company-owned Sizzler family steakhouse group expects to develop another 27 new units this year, while adapting more extensive seafood offerings and more elaborate salad bar configurations (from a two-unit California test) into units throughout the chain.

Both the KFC and Sizzler groups will be experimenting with new concepts. Collins' soul barbecue concept, Southside Barbeque Co., will be joined in tests by two more concepts this year, according to Collins president and coo Richard Bermingham.

Sizzler, meanwhile, will continue tests on the upscale Lumber Camp concept and a downscale, semi-smorgasbord concept tentatively called Plain & Simple. The Sizzler stance will continue to be "evolutionary," according to company president Tom Gregory.

Both Collins and its Sizzler subsidiary reported record sales and earnings in their latest fiscal years, compared to restated numbers for the prior year, devised when Collins took Sizzler public during the year and sold 29% of its outstanding stock to outsiders.

Collins posted a 28% increase in net profit for the year ended April 30 to $12.4 million on a 9% gain in revenues to $325.5 million. Sizzler scored a whopping 105% boost in net profit to $5.8 million, compared to last year's net of $2.8 million. For the same period, Sizzler's systemwide sales rose by 9.2% to $353.7 million; revenues were up 12.6% to $128 million.

Collins chairman and ceo James Collins said most of the parent company's gains in the year were due to improved operating results in the Sizzler subsidiary, which accounted for 39% of Collins' revenues. "The favorable performance of the restaurant chain reflects an active remodeling program, improved menu management resulting in increased check averages and increased profit margins resulting from favorable commodity cost," Collins said.

**James A. Collins**
*chairman, Collins Foods*

KFC operations, on the other hand, posted only a "modest" increase in earnings, with performance affected by the 44-unit divestiture and a decrease in currency exchange rates which depressed returns from Collins' Australian operations. Overall, KFC units contributed 30% of the company's total revenues for the year.

After the proposed acquisition of Seattle-based Gil's Enterprises for an undisclosed number of Collins Foods' shares, the company would own approximately 323 KFC units along the Pacific rim of the United States, and the state of Queensland in Australia.

Collins Foodservice Inc., the company's wholesale operation, increased sales by 23% in the year despite the sale of the Tampa, Fla., distribution center in November. The subsidiary accounted for 31% of Collins' top-line figure.

### *COLLINS FOODS INC.*

**(Fiscal Year Ended April 30)**

| | 1981 | 1982 | 1983† | Current Fiscal Year* |
|---|---|---|---|---|
| Systemwide Sales (In Millions) | $386.1 | $426.0 | $451.4 | $498.0 |
| Revenues (In Millions) | $265.2 | $299.4 | $325.5 | $365.0 |
| Net Profit (In Millions) | $7.4 | $9.6 | $12.4 | $14.0 |
| Average Same Store Sales: | | | | |
| KFC | $391,000 | $436,000 | $450,000 | $465,000 |
| Sizzler (Company) | $708,000 | $800,000 | $865,000 | $950,000 |
| Sizzler (Franchised) | $60[illegible]400 | $690,000 | $760,000 | $835,000 |
| Average Per Person Check (Sizzler) | $4.95 | $5.44 | $6.12 | $6.43 |
| Number of Units | 709 | 685 | 630 | 700 |
| KFC | 231 | 236 | 189 | 232 |
| Sizzler (Company) | 137 | 133 | 139 | 151 |
| Sizzler (Franchised) | 341 | 316 | 302 | 317 |

Source: *NRN* Research **NRN* Estimate

†During fiscal 1983 Collins took its Sizzler subsidiary public, retaining 72% ownership; Collins revenue figure for the year is derived: 39% from Sizzler; 31% from Collins Food Service and 30% from KFC operations.

***For the fourth quarter** ended April 30, Collins reported a 25% gain in net earnings to $2.8 million, on a 4% increase in revenues to $79.5 million, compared to the same period last year. Sizzler reported net earnings up 75% for the same period to $1.6 million on a 5% gain in revenues to $31.9 million vs. last year.*

# CHAIN ANALYSIS/PART 1: BUDGET STEAKHOUSES

## Edging across the threshold into family restaurant segment

### BONANZA

DALLAS—Bonanza plans to jettison the Western motif it adopted from its namesake and replace it with a trendy new interior design with a "bright, lighter feel."

The new design is apparently the next step in Bonanza's battle to escape the confines of the budget steakhouse segment and reposition itself as a "family restaurant."

The evolution began two years ago when Bonanza devised the "Freshtasticks" food bar, a lineup of vegetables, soups and salads meant to reduce the chain's dependence on red meat—and more importantly, to attract a broader cross-section of the dining public.

More than 85% of the all-franchised chain's 579 units now foster the program, according to marketing vice president John Kissane. The program has been credited with increasing the chain's average unit sales 6% to $619,000 over the last year. And this year, he adds, comparable store sales are up more than 16%.

Menu diversification—35% of sales are nonred meat items—helped Bonanza post a mild profit in 1982 of $490,000. Sales declined 2% to $366 million—a reflection of the continued attrition of weak units from the Bonanza system.

Has this attrition ended yet? Jeff Rogers, who ascended to the president's slot when John Boylan jumped to spin-off company People's Restaurants, has said he believes the best thing he can do for the chain is to enforce strict standards of quality and performance among the franchisees.

In the last few years this bite-the-bullet strategy has lopped 109 restaurants from the chain in two years. More than $14 million was lost as the company wrote off bad debts last year.

**BONANZA**
**(Fiscal Year Ended Dec. 26)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $375.0 | $366.0 | $400.0 |
| Revenues (In Millions) | $25.1 | $26.2 | |
| Net Profit (In Millions) | ($14.8) | $490,000 | |
| Average Same Store Sales | $582,000 | $619,000 | $650,000 |
| Average Per Person Check | | $4.38 | $4.44 |
| Number Of Units | 630 | 579 | 620 |

Source: *NRN* Research **NRN* Estimate

**Jeff Rogers**
*president, ceo, Bonanza*

But one franchisee says the bloodbath is over: "Those boys played tough for a while. They had to. Things were getting out of control all over the system. I don't mind an aggressive posture because those substandard restaurants were dragging down the entire system."

Expect a year of cautious management from Bonanza. Rogers and his team know they must gain the full confidence of the franchisee community before they can complete the transition to a family dinnerhouse chain.

The company continues to serve as a breeding ground for the neighboring People's company. It developed an Italian dinnerhouse concept, named Pané Vino, as a possible replacement for the Bonanza concept in markets where it had become unviable, but sold it to Peoples—which, itself, was started by Bonanza for much the same reason.

Franchisees say Bonanza is now testing another new concept, this one a barbecue restaurant.

An improved economic climate—and the failure of an attempt by Bonanza chairman Sam Wyly to take the company private—have apparently convinced Rogers and his team to expand the system instead of continuing to shrink it.

Meanwhile, the new decor package will be rolled out throughout the system. By the end of the year, Kissane asserts, more than 90% of the system will have the "Freshtasticks" program and between 40 and 45 units will be remodeled.

## Quincy's courting 'higher-priced' crowd

### SPARTAN

SPARTANBURG, S.C.—Spartan Food Systems, Hardee's biggest franchisee, is edging its fast-growing chain of Quincy's budget steakhouses to the upward end of the segment's price range.

"Extra thick" steaks introduced recently carry price tags ranging from $6.50 to $8.95. They should beef up Quincy's $4.57 average check.

In addition, Quincy's is dropping its "you get what you pay for and then some" slogan for "at Quincy's, you'll find what you had in mind." Executives say they feel the old pitch emphasized price; the new one, they think, is more flexible.

Spartan Food Systems, a subsidiary of TransWorld Corp., the airline holding company, plans on bulding 35 new Quincy's this year for a planned total of 163 at December's year-end. By contrast, the company, which operates 259 Hardee's, plans 15 new fast-food units this year.

Spartan executives figure they have plenty of pricing room left in Quincy's. Last year executives raised Quincy's prices 8% for a 7.8% bigger check. The menu price hikes had been long overdue and it seems that with the "extra thick" rollout, there is still room to grow.

Sales in units at least a year old rose to $887,000 from 1981 to 1982, a 3.7% increase.

**SPARTAN FOOD SYSTEMS†**
**(Fiscal Year Ended Dec. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Revenues (In Millions) | $243.1 | $292.1 | $336.8 |
| Operating Profit (In Millions) | $30.30 | $39.2 | $43.8 |
| Systemwide Sales (In Millions) | | | |
| Hardee's | $171.7 | $190.6 | $205.4 |
| Quincy's | $71.7 | $101.5 | $131.4 |
| Average Same Stores Sales | | | |
| Hardee's | $746,000 | $761,000 | $783,000 |
| Quincy's | $855,000 | $887,000 | $922,000 |
| Average Per Person Check | | | |
| Hardee's | $2.11 | $2.07 | $2.11 |
| Quincy's | $4.24 | $4.57 | $4.66 |
| Total Number of Units | 341 | 387 | 437 |
| Hardee's | 242 | 259 | 274 |
| Quincy's | 99 | 128 | 163 |
| % Menu Price Increase | | | |
| Hardee's | 2.4% | 2.6% | 2.0% |
| Quincy's | 1.0% | 8.0% | 5.0% |

Source: *NRN* Research **NRN* Estimate

†Spartan Foods is a wholly owned subsidiaryy of Trans World Corp.

## Sticking with its golden formula: Meat, potatoes and value

### GOLDEN CORRAL

RALEIGH, N.C.—Investment Management Corp., which owns Golden Corral family steakhouse chain, increased its holdings considerably in the last year by acquiring four new chains. Some of the acquired restaurants are being converted to Golden Corral units.

Investment Management now owns the 255-unit Golden Corral chain; 60 company-owned and about 65 franchised Sirloin Stockade budget steakhouses; nine Oh! Brian's barbecued ribs dinnerhouses; three Nichos fast-food Mexican restaurants, and six Fred Gang's dinnerhouses.

About 45 Sirloin Stockades have been or will be converted to Golden Corral units.

Golden Corral continues to make modest gains in a segment that has been hit hard by the recession and marked by widespread diversification in the past two years.

In the first quarter ended March 31, the family steakhouse chain's net profit inched upward by 6% to $1.33 million on a 27% rise in sales to $38.5 million compared to 1981's first quarter. This followed a 21% rise in profits to $4.9 million on a 25% increase in sales to $135 million in 1982 compared to the year earlier. These results are for Golden Corral only.

Golden Corral has carved out a relatively unique niche in the family steakhouse segment. Where many competitors are situated in economically depressed areas such as the Midwest, Golden Corral's units are mostly in small towns in the South.

The 255-unit chain (as of June 30) also credits its partner-manager concept for some of its success. The managers, most of whom are natives of the towns where their restaurants are situated, invest in the company with financial help from Golden Corral and earn a base salary plus 20% of the profits.

Golden Corral offers its customers a very basic meat-and-potatoes menu that emphasizes quality and value. Entrees range in price from $2.79 for a 6-oz. chopped steak to $6.99 for a 12-oz. ribeye steak and are served with potatoes. A 30-item, all-you-can-eat salad bar is $1.39 extra or $2.69 by itself. Other entrees include filet mignon for $5.79, sirloin steak for $5.29 and a 9-oz. club steak for $4.89.

Golden Corral restaurants do not have liquor. The only nonbeef items besides the salad bar is a 6-oz. ham steak priced at $3.79.

There are about 170 seats in a typical Golden Corral restaurant. Newer restaurants have a more modern design with a greenhouse front, high ceilings and hanging plants.

**GOLDEN CORRAL**
**(Fiscal Year Ended Dec. 31)**

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Systemwide Sales (In Millions) | $108.0 | $135.0 | $155.0 |
| Net Profit Operating Profit (In Millions) | $4.1 | $4.9 | $5.5 |
| Average Same Store Sales | $586,000 | $650,000 | $710,000 |
| Number of Units | 184 | 226 | 275 |

Source: *NRN* Research **NRN* Estimate

***In the first quarter** ended March 31, Golden Corral reported a 6% rise in net profits to $1.3 million on a 27% rise in sales to $38.5 million compared with the same period a year earlier.*

***Golden Corral** is owned by Investment Management Corp., a holding company that also owns Sirloin Stockade, a family steakhouse chain; Oh! Brian's, a barbecued rib dinnerhouse chain; Nichos, a fast-food Mexican restaurant chain and Fred Gang's dinnerhouses. As of June 30, there were 255 Golden Corral units; 60 company-owned and about 65 franchised Sirloin Stockade units; nine Oh! Brian's units; six Fred Gang's dinnerhouses and three Nichos units. Figures in this chart are for Golden Corral only.*

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CHAIN ANALYSIS/PART II

***Annual menu mix study—Pages 51-67***

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**Burger King's chainwide rollout of its new salad bars is expected to make a significant impact on incremental sales.**

# Fast-food menus expanding to meet customer demands

## *Problems seen in proliferation of new product traffic builders*

**By Joe Edwards**

New menu items are proliferating at fast-food restaurants, often cluttering menu boards, driving up prices, slowing service, raising operating costs, antagonizing franchisees, and confusing customers.

Despite these problems and the dismal record of most new fast-food offerings, many chain executives insist new products are necessary to boost customer traffic and keep regulars from getting bored.

"We have recognized the consumer demand for menu variety and more nutritional value," says Robert Barney, Wendy's president and chief executive. "The salad bar, chicken sandwich and taco salad have responded to those demands and have exceeded our expectations."

Jerry Ruenheck, Burger King's president, agrees that new menu items such as his chain's just-launched salad bars, can be good traffic builders if done correctly.

Burger King's salad platters and salad-in-a-pita sandwiches are in step with "the nation's trend toward increased concern with health, nutrition and lighter foods, he says, adding that they "enable Burger King restaurants to maintain an aggressive competitive posture in the fast-food business."

J. Willard Marriott Jr., president and chief executive of Marriott Corp., which owns the Roy Rogers fast-food chain, says customers will no longer "continue to placidly consume burgers, shakes and fries. They will demand more variety, more nutritious foods and better food merchandising."

Other chain executives, however, vehemently object to the nonstop parade of salad bars, specialty sandwiches, breakfast programs, dinner platters, and finger foods that are popping up at fast-food restaurants.

Recalling Kentucky Fried Chicken's disastrous attempt to diversify into barbecued ribs during the mid-1970's, KFC chairman and chief executive Richard Mayer says menu simplicity is the key to success.

In a speech to restaurateurs, Mayer said Col. Harland Sanders, KFC's founder, "hated new products and fought against

*(Continued on page 124)*

# *Restaurateurs alarmed over latest Federal tax proposals*

**By Ken Rankin**

WASHINGTON—Congress is sifting through a stack of controversial new revenue-raising proposals ranging from a 50% cut in the deductibility of business meals to a 100% increase in the Federal excise tax on alcoholic beverages.

If only a handful of the tax proposals under consideration now in Washington become law, the result could be a new Federal revenue raising package even more devastating to the food-service industry than last year's tax bill establishing tip reporting requirements for restaurant workers and abruptly denying food-service chains access to Government-subsidized "Industrial Revenue Bonds."

Most of the proposals under debate on Capitol Hill now are warmed-over versions of bills considered and rejected by earlier Congresses.

The proposal to double the tax on distilled spirits came under serious discussion early last year, only to be discarded as a result of industry protests. And the sharp reduction in business meal deductions came within a whisker of enactment as part of the 1982 Tax Equity and Fiscal Responsibility Act, until restaurant industry and union lobbyists switched strategies and dropped their opposition to the tip reporting plan.

Similarly, other current proposals to tax the value of employee "fringe benefits" and raise Federal excise taxes on energy have been floating around Washington for over a decade.

This year, however, any or all of those measures stand a legitimate shot at passage, according to food-service industry lobbyists.

Behind the mounting concern among restaurant leaders over this summer's on-going tax debate; a recognition that Congress is dead serious about

*(Continued on page 124)*

# *Imasco fills two vacated presidencies*

## Bunn succeeds Martin at Hardee's; Larive to head Burger Chef

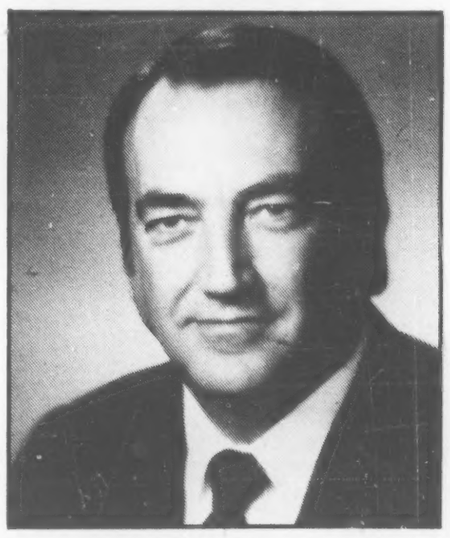
**By Rurick Telberg**

ROCKY MOUNT, N.C.—In the latest in a dizzying series of top-level personnel changes, Imasco USA has promoted two executives to replace two key divisional chiefs who left for posts at PepsiCo.

Spruill Bunn succeeds John Martin as Hardee's president and chief operating officer, and Robert Larive succeeds James Chronley as Burger Chef president and chief operating officer.

Jack Laughery remains chairman and chief executive of Imasco USA, the holding company which owns Hardee's, Burger Chef, a food-service management company, and a manufacturing and distribution subsidiary.

Martin left Hardee's to become president of PepsiCo's



**Spruill Bunn**

Boulangerie retail bakery chain, and Chronley left Burger Chef to become development vice president at PepsiCo's Taco Bell fast-food chain. PepsiCo also owns the Pizza Hut chain.

Before their promotions, Bunn, 37, was group executive vice president for all Imasco's restaurants and Larive, 38, was operations vice president at Burger Chef.

The latest executive-suite changes are part of a rapid-fire round of industry job-hopping

*(Continued on page 124)*

*Following prolonged slump . . .*

# Country Kitchen plots recovery

**By Joe Edwards**

MINNEAPOLIS—Country Kitchen executives are trying to put the family restaurant chain back on course after a long and painful period of frustration, disappointment and discontent.

Since 1978, Country Kitchen has lost market share, fumbled an ambitious expansion strategy and pursued dissident franchisees in what has seemed to be a never-ending series of lawsuits, many of which remain unresolved.

But company officials claim Country Kitchen is ready to grow again. "That difficult period of time, we're happy to say, is behind us now," declares Jim Olsen, corporate restaurant vice president for Carlson Companies, which acquired Country Kitchen in 1977. Carlson also owns T.G.I. Friday's, Radisson Hotels and other businesses.

Some current and former franchisees, however, charging Country Kitchen with "mismanagement," say the chain's reputation among consumers has reached such a low point that recovery will be difficult.

"There's a real negative attitude out here among the public toward Country Kitchen," comments one former franchisee, Jim Petersen, who is involved in lawsuits with the franchisor.

Country Kitchen limped into 1983 with fewer than 270 units reporting annual sales of only $130 million, far short of projections.

Shortly after Country Kitchen was acquired by Carlson Companies, executives unveiled a plan calling for more than 600 units with sales of $500 million by the end of 1982. But the franchisee revolt combined with a weak economy and high interest rates got in the way.

Country Kitchen never even came close to meeting its goals. There were 320 units in 1979, 350 in 1980 and 340 in 1981. As of mid-July of this year, there were 268 Country Kitchens, all but three of them franchised.

*(Continued on page 12)*

## LATE NEWSBREAKS

**Thomas J. Russo, Howard Johnson Co. executive vp, restaurants, has been named restaurant group president, a new position. Manuel M. Ferris, Sheraton's North American division president, will become president of HoJo's hotel group, also a new post.**

**Bruce Hraba has been promoted to president of Amfac Hotels in California. Ronald Barr, chairman of Amfac's Hotel and Resorts group, had been acting president since Charles Sweeney left a year ago.**

**Denny's expects to report a 9% gain in net profit to $40.2 million on a 10% jump in revenue to $1.05 million for the year ended Jure 30, compared to the prior year, president Vern Curtis disclosed.**

**The Riese Organization was reportedly ready to cinch a deal with Marriott's Roy Rogers to develop New York City and possibly become the chain's largest franchisee.**

FINANCIAL NEWS

# Finance Corp. raises $50M for Bojangles expansion

PHOENIX—A $50 million limited partnership offering has been completed on behalf of Franchise Finance Corporation of America (F.F.C.A.) and will be used to finance the purchase of land and equipment for the Bojangles fast-food chicken chain.

F.F.C.A. provides single-source real estate and equipment financing through the sale of limited partnerships for the fast-food industry. To date, $250 million has been raised through limited partnership offerings called Insured Income Properties. The most recent offering was called Insured Pension Investors 1983.

Among the chains that have established working agreements with F.F.C.A. are Kentucky Fried Chicken, Burger King, Taco Bell, Wendy's, Hardee's, Long John Silver's and Arby's. Insured Pension Investors 1983 was sold exclusively for Horn & Hardart Co., franchisors of Bojangles.

Underwritten by E. F. Hutton & Co., which holds a 25% interest in F.F.C.A., the latest offering was designed to provide the benefit of ownership in both secured notes and commercial land for pension plans and other nontaxable, institutional-type investors, according to Morton H. Fleischer, F.F.C.A. president.

The partnership is structured so the buildings and equipment are owned by parties who can use the tax deductions resulting from depreciation, Fleischer explained.

In return, the partnership receives a higher rental rate on the land and interest rate on the loans for the building and equipment.

Investors in the partnership, Fleischer said, benefit from the ownership of a diversified portfolio of commercial land and a pool of secured loans.

# *Church's 2nd-quarter net profit up 2.8%*

SAN ANTONIO—Church's Fried Chicken reported a $10.6 million profit for the second quarter ended June 12, a 2.8% increase over the comparable period last year.

Revenues for the quarter went up 5.5% to $105.5 million.

For the 24-week period ended June 12, net profit rose 3% to $18.79 million, on revenues of $197.1 million, a 5.2% gain.

One reason the company gave for the profitable quarter was a decrease in food costs from 39% of sales during the second quarter last year to 37.5% this year.

Church's opened 17 chicken stores and five G. W. Jr.'s, which are hamburger outlets, during the quarter.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended July 29 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | | | | Last Fiscal Year (Per Share) | | |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Last Fiscal Year Revenue | Last Fiscal Year Earnings | Current Ratio | Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 7.25 | 6.50 | 6.50 | .25 | 4.00 | 7.88 | 5.00 | .73 | -1.01 | 4.03 | -21.89 | .05 | .21 | S | NE | -25.0 | .3 | 38.2 | .00 | .0 | 01-06-81 | 37.1 | .1 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 37.75 | 34.38 | 34.38 | -2.38 | -6.46 | 38.50 | 15.88 | -.07 | -.21 | 2.28 | -10.52 | 2.10 | .40 | N | 20.3 | 27.0 | 7.0 | 14.5 | .25 | .7 | 08-10-83 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 51.00 | 47.75 | 47.75 | -2.00 | -4.02 | 55.00 | 26.00 | -.25 | 1.14 | 3.22 | 52.50 | 3.43 | -.30 | S | -7.8 | -7.0 | 1.4 | 13.5 | 2.05 | 4.3 | 05-26-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 18.50 | 16.00 | 16.00 | -2.25 | -12.33 | 18.50 | 3.34 | .49 | -3.31 | -1.37 | 5.79 | .39 | -.07 | S | -14.5 | -15.0 | 2.2 | 39.0 | .12 | .8 | 07-05-83 | 78.6 | 1.7 | 1.6 | 4.40 | 5.05 | 0982 |
| Beefsteak Char | BCS | 7.38 | 6.75 | 6.88 | -.13 | -1.79 | 9.75 | 4.50 | -.61 | .62 | -1.42 | -6.65 | .88 | .04 | S | 5.7 | 34.0 | 3.7 | 9.4 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 33.50 | 30.00 | 32.75 | 2.50 | 8.26 | 33.50 | 14.66 | .15 | .61 | .63 | 11.44 | 1.11 | .02 | F | 1.8 | 21.0 | 6.9 | 29.5 | .30 | .9 | 08-08-83 | 187.5 | 13.0 | 3.0 | .00 | 6.92 | 0483 |
| Bonanza Intl Inc | BNZA | 6.88 | 6.38 | 6.75 | .50 | 8.00 | 6.88 | 1.63 | .72 | 1.55 | -3.44 | -2.07 | .11 | 3.06 | S | NE | -86.0 | 3.1 | 33.8 | .00 | .0 | 00-00-00 | 16.1 | .5 | 1.6 | 9.70 | 1.67 | 1282 |
| Brock Hotel Cp | BHC | 8.88 | 7.50 | 7.75 | -.88 | -10.14 | 14.50 | 7.50 | -.52 | -1.89 | 1.14 | 14.71 | .39 | -.68 | S | -97.1 | -33.0 | 2.0 | 387.5 | .10 | 1.3 | 06-13-83 | 259.8 | 5.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 15.75 | 14.25 | 14.75 | .25 | 1.72 | 17.25 | 5.50 | -.11 | -.08 | 8.87 | 7.41 | .80 | .14 | Q | 20.2 | 6.0 | 4.6 | 17.8 | .20 | 1.4 | 07-27-83 | 30.2 | 1.4 | .4 | 3.71 | 2.24 | 0283 |
| Captain Crabs | CRAB | 7.25 | 5.50 | 6.50 | 1.00 | 18.18 | 7.25 | 1.00 | .30 | -2.02 | 3.00 | -38.71 | .00 | .00 | S | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Cp | CRL | 19.88 | 16.38 | 19.00 | 2.00 | 11.76 | 19.88 | 3.34 | 1.57 | .15 | 5.13 | -6.51 | 1.00 | .56 | F | 127.2 | 22.0 | 3.6 | 19.0 | .07 | .4 | 02-02-83 | 85.2 | 3.1 | .6 | 6.55 | 4.00 | 0582 |
| Chart House | CHHO | 37.13 | 34.50 | 35.00 | .50 | 1.45 | 37.75 | 17.25 | .27 | -.09 | -.01 | 47.71 | 2.08 | .09 | S | 4.3 | 13.0 | 4.9 | 16.1 | .60 | 1.7 | 06-24-83 | 382.0 | 18.7 | 1.0 | 9.21 | 13.12 | 1282 |
| Chi-Chis | CHIC | 37.63 | 33.75 | 35.50 | .88 | 2.53 | 37.63 | 8.75 | .42 | .92 | 1.24 | 5.03 | .59 | .30 | F | 103.4 | 26.0 | 9.8 | 60.2 | .00 | .0 | 12-20-82 | 90.6 | 8.9 | 3.0 | 2.18 | 2.26 | 0482 |
| Ch Full O Nut | CHF | 21.63 | 19.38 | 19.63 | -.75 | -3.68 | 24.38 | 12.50 | .09 | -.71 | -3.11 | -6.74 | .34 | .10 | N | 25.0 | -8.0 | 1.4 | 39.3 | .40 | 2.0 | 12-09-82 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 33.50 | 27.63 | 29.63 | 1.88 | 6.76 | 33.50 | 16.75 | .35 | -1.42 | 3.99 | -13.47 | 2.19 | -.06 | S | -2.6 | 9.0 | 10.1 | 13.3 | .72 | 2.4 | 05-20-83 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 3.75 | 3.50 | 3.50 | -.13 | -3.45 | 4.00 | 2.88 | .08 | -1.02 | -3.91 | -43.53 | .13 | .59 | Q | NE | NE | 2.1 | 10.3 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 19.50 | 18.25 | 18.75 | .00 | .00 | 19.84 | 7.50 | .07 | .42 | -5.61 | .55 | 1.47 | .35 | F | 31.2 | 16.0 | 3.8 | 12.8 | .20 | 1.1 | 07-01-83 | 325.5 | 12.4 | 1.3 | 4.96 | 7.13 | 0482 |
| Consul Corp | CNSL | 17.75 | 17.00 | 17.25 | .00 | .00 | 18.75 | 5.88 | .07 | 1.46 | -1.67 | 19.71 | .26 | .26 | F | NC | 89.0 | 2.5 | 66.3 | .00 | .0 | 00-00-00 | 32.4 | .8 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 23.50 | 23.25 | 23.50 | .25 | 1.08 | 27.34 | 6.16 | .03 | 1.05 | -3.66 | 22.91 | .69 | .21 | N | 31.8 | 20.0 | 3.7 | 27.0 | .13 | .6 | 07-01-83 | 35.4 | 1.3 | 1.9 | 3.57 | 4.46 | 0782 |
| Dennys Inc | DEN | 36.38 | 31.50 | 34.50 | 2.75 | 8.66 | 36.88 | 22.38 | .31 | .12 | 1.37 | 16.18 | 2.47 | .26 | N | 11.1 | 9.0 | 3.9 | 13.3 | .64 | 1.9 | 06-06-83 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 26.50 | 23.50 | 23.88 | .38 | 1.60 | 28.75 | 10.50 | -.19 | -1.41 | -.84 | 8.02 | 1.40 | .21 | S | 16.0 | 18.0 | 9.4 | 15.7 | .28 | 1.2 | 08-15-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 26.88 | 21.63 | 25.13 | 3.13 | 14.20 | 26.88 | 7.94 | 1.53 | .85 | 4.57 | -44.53 | 1.92 | .12 | F | 6.6 | 16.0 | 3.7 | 13.1 | .40 | 1.6 | 06-28-83 | 112.0 | 4.1 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 22.38 | 20.38 | 20.38 | -1.63 | -7.39 | 25.50 | 9.63 | .09 | -.58 | .30 | 14.39 | .65 | .01 | Q | 1.5 | 104.0 | 15.8 | 31.8 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Hambrg Hamlet | HAMB | 12.00 | 12.00 | 12.00 | .50 | 4.35 | 12.00 | 5.50 | .10 | 1.08 | 1.99 | 52.00 | -1.10 | -2.45 | F | -181.4 | -22.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | 1.13 | 1.13 | 1.13 | .00 | .00 | 2.00 | .88 | -1.36 | .82 | 1.88 | .00 | -12.59 | -9.67 | Q | NE | -94.0 | -89.4 | NE | .00 | .0 | 00-00-00 | 27.4 | -24.5 | .3 | 12.03 | -4.31 | 0982 |
| Hilton Hotels | HLT | 54.63 | 50.00 | 50.88 | -3.38 | -6.22 | 60.25 | 27.63 | -.27 | -.95 | -1.48 | 52.36 | 3.04 | -.83 | S | -22.0 | .0 | 14.4 | 17.3 | 1.80 | 3.5 | 08-29-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 55.63 | 49.00 | 50.50 | -1.38 | -2.55 | 59.00 | 24.50 | -.24 | -1.02 | 3.92 | 8.10 | 2.50 | .16 | S | 5.8 | 9.0 | 6.8 | 17.5 | .84 | 1.7 | 06-13-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Holiday Inns A | HIA A | .00 | 1023.97 | 83.50 | .00 | .00 | 84.00 | 38.50 | .07 | 1.06 | -14.18 | .00 | NA | NA | | NA | NA | NA | NA | .00 | .0 | 00-00-00 | NA | NA | NA | NA | NA | NA |
| Horn & Hardart | HOR | 29.75 | 26.00 | 26.50 | -.50 | -1.85 | 32.34 | 8.72 | -.24 | -1.67 | -4.24 | -9.38 | .74 | .23 | Q | 37.7 | 38.0 | 2.8 | 31.5 | .00 | .0 | 07-12-83 | 235.4 | 6.6 | 1.1 | 9.46 | 4.77 | 1282 |
| Hungry Tiger | HTIG | 9.75 | 9.00 | 9.00 | .00 | .00 | 12.25 | 5.34 | -.26 | -1.10 | .39 | -14.61 | .78 | -.21 | N | -25.9 | 5.0 | 3.8 | 15.0 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 1.88 | 1.75 | 1.81 | -.06 | -3.33 | 2.06 | 1.56 | -.11 | .52 | -3.78 | -75.16 | .47 | .00 | F | .0 | 9.0 | 2.6 | 3.9 | .12 | 6.6 | 04-12-83 | 7742.8 | 198.3 | 1.1 | .54 | 1.92 | 1082 |
| Intl Dairy Queen | INDQ | 38.50 | 36.50 | 38.50 | 1.50 | 4.05 | 40.00 | 13.50 | .04 | 1.72 | -3.20 | 35.29 | 2.17 | .68 | S | 36.7 | 31.0 | 6.3 | 15.2 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 38.25 | 32.00 | 35.25 | 3.13 | 9.73 | 38.25 | 3.50 | 1.24 | -1.13 | 2.44 | -26.78 | .33 | .98 | N | 515.7 | 20.0 | 1.4 | 30.1 | .00 | .0 | 10-09-79 | 36.6 | .5 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 16.88 | 16.00 | 16.00 | -1.13 | -6.57 | 18.13 | 5.75 | -.22 | .28 | .66 | 39.22 | .93 | .27 | S | 37.5 | 13.0 | 3.5 | 16.2 | .20 | 1.3 | 08-08-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 20.50 | 18.75 | 19.00 | -.88 | -4.40 | 23.50 | 12.69 | -.37 | -.03 | .13 | 5.78 | 1.40 | -.11 | N | -7.5 | 21.0 | 5.1 | 14.2 | .12 | .6 | 05-09-83 | 425.5 | 21.8 | .9 | 2.91 | 8.99 | 0682 |
| Kapok Tr Inns | KTI | 9.38 | 8.75 | 9.00 | -.38 | -4.00 | 10.75 | 3.00 | .00 | .48 | -5.85 | 53.95 | -.37 | -.17 | S | NE | -46.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 18.63 | 17.38 | 18.00 | -.75 | -4.00 | 24.50 | 10.34 | .71 | 1.29 | 1.62 | 1.18 | .40 | .02 | F | 5.2 | 66.0 | 5.9 | 45.0 | .00 | .0 | 10-13-82 | 40.8 | 2.4 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 33.75 | 33.00 | 33.38 | -.13 | -.37 | 34.13 | 9.59 | .32 | 1.07 | .20 | 9.40 | 1.32 | .23 | F | 21.1 | 14.0 | 4.0 | 25.3 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 1.9 | 5.15 | 6.67 | 0182 |
| Lubys Cafe | LUB | 33.00 | 31.50 | 32.00 | .25 | .79 | 33.25 | 20.50 | .05 | .72 | 4.72 | 4.88 | 1.35 | .18 | N | 13.8 | 20.0 | 9.1 | 21.6 | .60 | 1.9 | 09-02-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0882 |
| Marcus Corp | MRCS | 14.25 | 13.38 | 13.75 | .38 | 2.80 | 15.13 | 6.75 | -.17 | .81 | -4.05 | 60.27 | 1.13 | .06 | N | 5.1 | 4.0 | 5.7 | 11.3 | .25 | 1.8 | 07-01-83 | 103.8 | 5.9 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 79.25 | 73.63 | 74.50 | -.50 | -.67 | 81.00 | 33.25 | -.05 | -.16 | -1.27 | 38.20 | 3.44 | .43 | S | 13.0 | 23.0 | 3.7 | 20.0 | .36 | .5 | 06-20-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonalds Cp | MCD | 67.00 | 60.00 | 61.50 | -2.50 | -3.91 | 74.50 | 45.69 | -.01 | -.12 | -1.55 | -9.34 | 5.00 | .63 | S | 13.4 | 17.0 | 11.1 | 11.6 | 1.00 | 1.6 | 05-24-83 | 2715.2 | 300.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 21.63 | 19.75 | 20.25 | -1.00 | -4.71 | 22.13 | 11.25 | .06 | -1.04 | -1.16 | -27.83 | 1.41 | .25 | F | 21.5 | 9.0 | 4.4 | 14.4 | .40 | 2.0 | 08-01-83 | 421.5 | 18.7 | 1.4 | 2.95 | 7.90 | 0582 |
| Mr Steak | MSST | 10.00 | 9.63 | 9.75 | .25 | 2.63 | 10.50 | 1.75 | .10 | .40 | -2.02 | -32.69 | -.98 | -.42 | S | NE | -38.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 2.25 | 2.00 | 2.00 | -.25 | -11.11 | 2.75 | .78 | -.50 | -2.21 | -.88 | 17.39 | .03 | .80 | N | NE | NE | .6 | 20.0 | .00 | .0 | 09-09-82 | 16.7 | .1 | .5 | .10 | 1.73 | 0382 |
| Naugles Inc | NAUG | 32.75 | 30.00 | 30.00 | -1.00 | -3.23 | 32.75 | 10.13 | .22 | .30 | 5.63 | -40.66 | .78 | .83 | N | NC | 47.0 | 3.9 | 36.1 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 17.00 | 15.25 | 17.00 | 1.75 | 11.48 | 18.50 | 9.00 | .50 | 1.05 | 8.80 | 69.23 | .69 | -1.12 | S | -82.9 | -29.0 | .4 | 73.9 | .32 | 1.9 | 06-09-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 6.00 | 5.63 | 5.63 | -.38 | -6.25 | 7.88 | 4.38 | -.09 | 1.26 | -4.22 | -28.40 | -.25 | -.41 | N | -273.3 | -23.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 14.25 | 12.75 | 13.25 | -1.13 | -7.83 | 15.13 | 5.50 | .82 | .90 | .90 | -26.08 | .19 | .20 | N | NC | 81.0 | 13.8 | 66.3 | .00 | .0 | 00-00-00 | 5.8 | .8 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 17.00 | 15.88 | 15.88 | -1.38 | -7.97 | 18.13 | 13.50 | .09 | .36 | -7.24 | -6.13 | 1.39 | -.36 | N | -25.0 | 9.0 | 5.9 | 14.7 | .60 | 3.8 | 06-09-83 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 17.50 | 15.13 | 15.88 | .63 | 4.10 | 17.50 | 4.09 | 1.03 | -.30 | -3.28 | -3.08 | .55 | .21 | Q | 42.0 | 4.0 | 1.3 | 22.4 | .04 | .3 | 07-12-83 | 135.1 | 1.7 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 16.50 | 14.50 | 14.50 | -1.75 | -10.77 | 28.00 | 14.25 | -.49 | -1.47 | -4.56 | 23.91 | 1.27 | -.81 | S | -75.7 | 31.0 | 7.6 | 55.8 | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 24.88 | 19.50 | 21.88 | -.50 | -2.23 | 25.25 | 9.59 | -.06 | -1.51 | .61 | -38.21 | 1.50 | .26 | Q | 20.3 | -4.0 | 2.8 | 14.2 | .33 | 1.5 | 06-08-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 11.88 | 10.25 | 10.88 | .13 | 1.16 | 11.88 | 4.25 | .04 | -.61 | -1.53 | -31.08 | -.73 | -.69 | Q | NE | -44.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 547.5 | -19.9 | .6 | 18.50 | 5.12 | 1282 |
| Restaur Assc | RA | 9.75 | 8.50 | 8.50 | -.88 | -9.33 | 11.38 | 3.25 | -.17 | -.10 | -2.45 | 40.82 | .77 | -.06 | Q | -8.2 | 22.0 | 1.8 | 12.7 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 28.25 | 24.25 | 25.50 | 1.00 | 4.08 | 28.25 | 3.09 | .39 | -1.63 | -2.61 | -51.45 | .33 | .07 | S | 21.8 | 67.0 | 10.6 | 65.4 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 40.25 | 34.50 | 36.75 | 1.13 | 3.16 | 40.25 | 12.50 | .73 | -1.18 | -.50 | -2.59 | 2.19 | .51 | F | 30.3 | 40.0 | 2.3 | 16.8 | .36 | 1.0 | 06-02-83 | 978.8 | 22.4 | .9 | 4.26 | 8.86 | 0682 |
| Sandwich Chef | SHEF | 13.75 | 12.75 | 13.75 | 1.25 | 10.00 | 15.50 | 11.50 | -.50 | 1.65 | -5.59 | -11.31 | .77 | .75 | N | NC | 24.0 | 4.7 | 18.3 | .00 | .0 | 00-00-00 | 17.0 | .8 | .6 | .50 | 3.42 | 0682 |
| Sea Galley | SEAG | 15.00 | 12.13 | 12.88 | -1.75 | -11.97 | 15.00 | 5.50 | .15 | -.07 | -2.47 | -8.57 | .02 | -.91 | Q | -135.8 | -33.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 18.00 | 16.75 | 16.75 | -.50 | -2.90 | 19.75 | 7.50 | -.44 | -.11 | 1.07 | 21.31 | .74 | -.79 | F | -51.6 | 42.0 | 1.5 | 22.6 | .00 | .0 | 07-09-82 | 138.1 | 2.1 | 1.1 | 65.81 | 6.21 | 1282 |
| Shoneys Inc | SHON | 25.75 | 24.75 | 24.75 | -.50 | -1.98 | 27.38 | 12.66 | .07 | .21 | -.41 | 5.93 | .86 | .25 | S | 34.7 | 19.0 | 5.1 | 25.5 | .15 | .6 | 07-05-83 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Skippers | SKIP | 15.50 | 14.00 | 14.75 | .75 | 5.36 | 15.50 | 3.16 | -.06 | .08 | 1.72 | -34.52 | .48 | .16 | S | 135.2 | 16.0 | 2.6 | 18.4 | .08 | .5 | 03-31-83 | 38.1 | 1.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTZ | 16.00 | 16.00 | 16.00 | .00 | .00 | 16.50 | 10.50 | .07 | 1.06 | -10.82 | -25.00 | .28 | .64 | Q | NE | -12.0 | .9 | 26.7 | .20 | 1.3 | 06-13-83 | 80.1 | .7 | 1.1 | 26.22 | 9.51 | 1282 |
| So Hospitality | SHOS | 6.75 | 6.25 | 6.25 | .00 | .00 | 7.50 | 1.38 | -.15 | 1.08 | -4.87 | -1.14 | .27 | .08 | F | 42.1 | 33.0 | 3.8 | 23.1 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 9.25 | 8.38 | 8.38 | -.88 | -9.46 | 9.25 | 2.63 | .63 | -.80 | .92 | 21.32 | .18 | .17 | S | 283.3 | 37.0 | 1.4 | 36.4 | .00 | .0 | 05-17-79 | 57.2 | .8 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 11.50 | 10.25 | 10.25 | -1.13 | -9.89 | 13.63 | 5.00 | -.61 | -1.70 | -1.92 | 41.49 | -2.42 | -2.77 | F | -791.4 | -47.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 112.3 | -8.0 | 1.0 | 7.67 | 10.49 | 0382 |
| Wendys Intl | WEN | 17.25 | 16.00 | 16.38 | -.13 | -.76 | 19.63 | 9.59 | -.25 | .34 | -1.08 | 5.00 | 1.13 | .15 | Q | 14.7 | 13.0 | 7.3 | 14.0 | .24 | 1.5 | 04-29-83 | 604.3 | 44.1 | .8 | 2.53 | 6.50 | 1282 |
| Webb Del E | WBB | 23.00 | 18.50 | 19.00 | -2.50 | -11.63 | 25.00 | 6.13 | -.57 | -2.55 | -2.39 | 4.42 | .16 | -.80 | Q | -129.0 | -25.0 | .5 | NE | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 13.75 | 13.25 | 13.25 | -.50 | -3.64 | 17.50 | 8.00 | -.43 | 1.10 | -11.07 | 26.56 | .92 | .98 | Q | NC | 3.0 | 3.1 | 13.5 | .12 | .9 | 06-03-83 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 17.13 | 16.25 | 16.25 | -.75 | -4.41 | 17.13 | 6.94 | .18 | -.04 | 1.23 | -3.60 | .63 | .07 | Q | 12.0 | 8.0 | 2.6 | 25.0 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

# Saga net increases 33%

By Richard Martin

MENLO PARK, Calif.—Saga Corp. achieved a 33% increase in net profit to $22.4 million for the fiscal year ended June 25, compared to fiscal 1982. Revenues were up 8.7% to $979 million.

Net profit in the fourth quarter rose 37% to $4 million on a 9% increase in revenues to $235 million, compared to last year's fourth quarter.

"Fiscal 1983 is our third consecutive record of earnings and sales," said Charles A. Lynch, chairman and ceo. "Our earnings improvement for the year was due to continuing moderate food cost inflation, stringent management cost controls and effective cash management programs.

"Operating margins in both the restaurant and contract foodservice segments of our business improved over fiscal 1982. The majority of the increase in our general and administrative expenses was due to the impact of business development expenses and stock appreciation rights."

Lynch said revenue growth in Saga's restaurant divisions continued to be strong and increased 16% over last year's fourth quarter as a result of new store additions, consumer acceptance of new product offerings and "the continued gradual recovery of the economy."

Lynch said contract food service divisions continued to experience moderate revenue growth in the fourth quarter, as they had during the first nine months.

In fiscal 1983, total food and beverage costs for all operations, including contracts, amounted to 40.5% of total revenues. Total payroll and related costs were 36.3%. After deducting other operating costs of $156 million, operating profit of $71 million for the year was 7.3% of total revenues.

Saga's restaurant chains are Stuart Anderson's Black Angus/Cattle Co., Straw Hat Pizza and Velvet Turtle.

## McDonald's profit up 11% in second qtr.

OAK BROOK, Ill.—McDonald's reported an 11% rise in net profit to $96 million on a 9% revenues increase to $787 million for the second quarter ended June 30 compared to the same period a year ago. Systemwide sales rose 6% to $2.1 billion.

For the first six months, net profit rose 12% to $162 million on an 8% revenues gain to $1.4 billion. Systemwide sales in the first half topped $4 billion, a 7% increase over a year ago.

The burger chain opened 133 new units in the second quarter. As of June 30, there were 7,450 McDonald's worldwide, an increase of 545 from June 30, 1982.

Weaker foreign currency exchange rates hurt international sales, which rose about 7% to $744 million. There are 1,428 McDonald's units outside the United States.

Fred Turner, McDonald's chairman, said profit margins at company operated restaurants rose to 17.6% of sales from 16.7% a year ago.

## Holiday Inns earnings rise 28% in second qtr.

MEMPHIS—Net profit at Holiday Inns Inc. rose 27.7% to $38.8 million on an 8.9% revenues increase to $396.5 million for the second quarter ended July 1.

For the first six months, net profit increased 11.3% to $61.2 million on a 7.1% rise in revenues to $745.8 million.

Improvements in Holiday Inns' hotels, casinos and restaurants were the result of a general economic upswing, new marketing programs, cost management efforts, and improved operating systems, according to Michael Rose, president and chief executive.

Holiday Inns has opened its first Crowne Plaza upper-end hotel in San Francisco and will open a second Crowne Plaza late this summer in Miami.

# Int'l King's Table net leaps 370%

EUGENE, Ore.—International King's Table has scored a 370% increase in net profit to $2.4 million for the fiscal year ended July 2, compared to last year. Revenues jumped 37% from year to year, totaling $50 million for 1983.

The 81-unit company ended the most profitable year in its 18-year history with a record fourth quarter, in which net profit rose 217% to $845,000 and restaurant sales climbed 60% to $15.6 million.

IKT president Roger W. Houmes recapped the company's performance with an analysis of critical factors: "Most important of these was the acquisition of 31 Royal Fork Buffet restaurants.

"This provided the impetus for strategic positioning geographically and demographically in the strongest and fastest growing market sectors in this country." Houmes said the location, design and operating characteristics of the Royal Fork units were complementary factors; greater average seating capacity than existing IKT units was an added advantage, he said.

Out of its total market area of 11 western states, the company's major concentration of restaurants is now in Arizona, Colorado, California and Washington. Houmes said senior citizens now make up about 35% of IKT's customer base—a percentage he expects to grow with the introduction of the company's seniors discount marketing program into the Royal Fork units.

Houmes indicated the whole range of factors, including a strong advertising effort, contributed to a 32% increase in customer counts over 1982 levels. "This increase, in addition to modest price increases, provided sufficient cash flow to allow early retirement of a significant portion of the debt acquired to finance the Royal Fork restaurants," he said.

## PepsiCo food-service div. profit up 43%

PURCHASE, N.Y.—PepsiCo reported that profits in its food-service division, which includes Pizza Hut and Taco Bell, increased 43% during the second quarter, ended June 11, compared with the same period last year.

Food-service revenues for the quarter were up 23%.

PepsiCo does not release actual sales and profit figures for its food-service components, nor does it break down the profit and revenue percentages for Pizza Hut and Taco Bell individually.

A company statement attributed increased revenues to Pizza Hut's newest menu item, the Personal Pan Pizza, and "several new product introductions" at Taco Bell. It said real sales per store were up 14% in company stores.

PepsiCo, meanwhile, reported that total sales were $1.84 billion, a 1.7% increase, while profits declined 18.4% to $74.8 million.

## Harrah selling Holiday Inns stock

MEMPHIS—A major Holiday Inns shareholder, the Harrah estate, is selling 1.1 million shares of the company's common stock.

None of the proceeds from the expected $50 million offering will go to Holiday Inns. The shares are owned by a trust created under the will of William F. Harrah for the benefit of his widow.

The Harrah estate received the shares in exchange for convertible debentures issued to it when Holiday Inns acquired the Harrah's Casino Gaming Co. in February 1980.

## G.D. Ritzy's takes net loss of $247,000 in 2nd quarter

COLUMBUS, Ohio—G. D. Ritzy's, a 27-unit fast-food chain modeled on a 1940's shake shop, posted net losses of $247,000 for the second quarter ended June 30, compared to $166,000 of red ink in last year's second quarter.

Second-quarter revenues increased 156% to $2 million from $781,000 last year.

There were seven G. D. Ritzy's units open at the same time last year. Of the 27 now in operation, 14 are company-owned and 13 are franchised. The company has licensed franchisees to operate 555 restaurants in 19 states.

For the six-month period, G. D. Ritzy's reported net losses of $697,000, compared to $328,000 last year. Revenue climbed 189% to $3.3 million from $1.1 million last year.

The company said it expected to record a profit this fiscal year and it noted that its second-quarter net loss was smaller than the $450,000 suffered in the first 1983 quarter.

The company also registered plans to sell 875,000 additional shares of common stock, including 125,000 shares to be sold by the Public Employee Retirement System of Ohio.

With the company's stock trading at $18-$19 recently, G. D. Ritzy's stood to gain $13.5 million to $14.25 million.

G. D. Ritzy's had about 4.5 million shares outstanding at the end of the second quarter, but planned a 3-for-2 stock split before the latest offering.

## Amfac posts $20.7M loss

SAN FRANCISCO—Amfac Inc. has reported a $20.7 million second quarter loss, resulting mainly from $46.2 million in pretax write-offs (including write-offs of $14 million hotels and resorts and $6.6 million for discontinued seafood operations). Food group results, from Lamb-Weston, Monterey Mushrooms and Fisher Cheese, were up 35%. Amfac's total revenues for the quarter were $603.6 million. In the comparable period last year net profit was $5.5 million on revenues of $552.4 million.

## Southern Hospitality profit up 55% in '83

NASHVILLE—Southern Hospitality, a diverse restaurant company, reported net profits for the fiscal year ended May 31 increased 55% over last year to $1.02 million.

Sales for the year went up 29.4% to $26.27 million.

R. Wayne Oldham, chairman and chief executive officer, attributed the increases to "improved results from all our restaurant groups."

He said the company's newest company-owned concept, Tempo's, had done "exceptionally well" since the first unit opened in 1981. The second opened this year.

Southern Hospitality also operates 24 franchised Wendy's restaurants, 12 Mr. Gatti's Pizza Restaurants, and five Ireland's Restaurants.

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Bombay Bicycle Club | 3 mos.<br>9 mos. | 6/30 | | | $ 22.0<br>64.0 | 13.0<br>7.0 | $ 0.950<br>2.200 | 170.0<br>38.0 |
| Church's | 3 mos.<br>6 mos. | 6/12 | | | 105.5<br>197.0 | 5.5<br>5.2 | 10.600<br>18.800 | 2.8<br>3 0 |
| Family Entertainment | 3 mos. | 4/3 | | | | | 0.275 | — |
| Holiday Inns Inc. | 3 mos.<br>6 mos. | 7/1 | | | 396.5<br>745.8 | 8.9<br>7.1 | 38.800<br>61.200 | 27.7<br>11.3 |
| JB's Restaurants | 4 mos.<br>12 mos. | 7/3 | | | 16.9<br>39.7 | 19.0<br>20.0 | 0.812<br>1.485 | 53.0<br>45.0 |
| Int'l King's Table | 3 mos.<br>12 mos. | 7/2 | $15.6 | 60.0 | 50.0 | 37.0 | 0.845<br>2.400 | 217.0<br>370.0 |
| McDonald's | 3 mos.<br>6 mos. | 6/30 | $ 2.1 bil.<br>4.0 bil. | 6.0<br>7.0 | 787.0<br>$1.4 bil. | 9.0<br>8.0 | 96.000<br>162.000 | 11.0<br>12.0 |
| G. D. Ritzy's | 3 mos.<br>6 mos. | 6/30 | | | 2.0<br>3.3 | 156.0<br>189.0 | (0.247)<br>(0.697) | |
| Ryan's Family Steak Houses | 3 mos.<br>6 mos. | 6/29 | | | 4.7<br>8.6 | 105.0<br>102.0 | 0.489<br>0.928 | 129.0<br>128.0 |
| Saga Corp. | 3 mos.<br>12 mos. | 6/25 | | | 235.0<br>979.0 | 9.0<br>8.7 | 4.000<br>22.400 | 37.0<br>33.0 |
| Southern Hospitality | 12 mos. | 5/31 | 26.3 | 29.4 | | | 1.020 | 55.0 |
| 1 Potato 2 Inc. | 4 mos. | 5/25 | | | 2.0 | 99.0 | (0.191) | — |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

## CHAIN ANALYSIS/PART II

# Menu Mix Study

## Dinner, breakfast business on the rise; lunch sales sag

**NRN Special Report**

A trend toward a higher proportion of dinner business and a further upswing in the breakfast portion of the mix are evident at fast-food burger chains and family restaurant coffee shop chains surveyed in *Nation's Restaurant News'* annual menu mix study.

This is an interesting development, since dinner represents the high end of the spectrum and breakfast the low end. Lunch, which has been a mainstay moderately priced menu mix leader, shows a dropoff in its proportion of sales, although total sales are moving upward.

These factors dramatize the delicate balance that chains are trying to establish in their menu mixes . . . perhaps a combination of higher-priced dinners, medium-priced lunches and fast-moving lower-priced breakfasts.

The object—among fast feeders as well as coffee shops—is to utilize all available hours, day and night, to lure maximum traffic, obtain the highest feasible check averages without turning off the customers, and diversify the menu mix without overdoing it.

Virtually all fast feeders have unveiled some sort of breakfast program to utilize the available space for productive ends. And breakfast remains a staple of the coffee shop business.

Menu prices have been brought under control more effectively at burger chains than at coffee shops, which are still showing 5% menu price rises. This could be one explanation for the relative slowdown in coffee shop traffic.

Leading fast-food and coffee shop chains may not be out of the woods yet as far as traffic growth is concerned. While surveys indicate real sales growth (comparative unit sales increases minus menu price increases) jumped 5.8% in April over the previous April for an apparent sharp comeback, real sales growth has been only in the 3% to 4% range in succeeding months.

### *AVERAGE BOX SCORE ON CHAINS—1980-83*

| | Burger Chains | | | | Family Restaurants And Coffee Shops | | | |
|---|---|---|---|---|---|---|---|---|
| | 1980 | 1981 | 1982 | 1983* | 1980 | 1981 | 1982 | 1983* |
| Average Check Per Person | $2.26 | $2.40 | $2.45 | $2.50 | $3.41 | $3.65 | $3.75 | $3.84 |
| Average Annual Sales Per Unit | $609,648 | $659,000 | $728,000 | $794,352 | $642,356 | $675,000 | $743,000 | $808,288 |
| Average % Food Costs To Sales | 35.5 | 35.1 | 34.6 | 34.4 | 35.1 | 34.9 | 32.9 | 32.2 |
| Average % Payroll Costs To Sales | 26.4 | 24.8 | 24.6 | 24.5 | 29.5 | 28.8 | 28.0 | 28.0 |
| Average % Pretax Profit | 5.9 | 8.5 | 9.0 | 9.4 | 4.2 | 5.3 | 8.2 | 8.5 |
| Average % Menu Price Increase in Last Year | 9.8 | 9.2 | 5.1 | 3.8 | 10.1 | 9.6 | 6.1 | 5.5 |
| Main Specialty Item | Burger | Burger | Burger | Burger | Breakfast | Breakfast | Breakfast | Breakfast |
| % Of Sales Of Specialty Item | 12.7 | 11.9 | 11.7 | 12.0 | 25.5 | 26.1 | 28.2 | 28.4 |

Source: *NRN* Research

**NRN estimate*

*Most all averages rose this year for burger chains and family restaurants/coffee shops except for menu prices, which showed a significant drop for burger chains and only a slight drop for family restaurants.*

# CHAIN ANALYSIS/PART II: PRICE INDEX

## *Price index comparison reveals critical squeeze developing*

Comparison of the price index for food-away-from-home with the wholesale food-price index reveals a critical squeeze developing for food service.

Despite an essentially flat wholesale food-price index, restaurant menu prices are on average about 4½% above last year's levels.

So supermarkets, whose costs are mostly in food, are continuing to chalk up a potential pricing advantage over eating out establishments.

Historically, a much more rapid increase in restaurant menu prices than in supermarket food prices has been reflected in a fall-off in restaurant customer counts.

The problem for eating-out establishments may well be exacerbated in coming months.

For one thing, the labor intensive restaurant industry is facing possible minimum wage increases in a number of states this year.

In addition, forecasters say that energy costs, a significant budget item for many, will continue to rise.

The competitive advantage among food-service operators themselves should go to those who can most closely control labor, utility, occupancy and other nonfood costs.

A trend to substituting lower food-cost items for higher ones on menus should also gain momentum. Likewise relatively rapid expansion of concepts specifically geared to low food-cost food service may be in the cards.

### *PRICE INDEX FOR FOOD AWAY FROM HOME*

1979 to June 1982 (1967 = 100.0)

| | Jan. | Feb. | March | April | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1979 Index** | 230.2 | 233.4 | 236.0 | 238.4 | 241.1 | 242.7 | 244.9 | 246.5 | 247.6 | 249.6 | 251.3 | 253.4 |
| **1980 Index** | 256.1 | 258.3 | 260.9 | 263.0 | 264.6 | 266.6 | 267.8 | 269.5 | 271.4 | 273.1 | 275.3 | 277.7 |
| **1981 Index** | 280.9 | 284.7 | 286.1 | 288.2 | 289.3 | 290.6 | 292.4 | 293.7 | 294.8 | 296.2 | 297.2 | 297.7 |
| **1981/1980 % Change In Menu Price By Month** | 9.68 | 10.22 | 9.66 | 9.58 | 9.33 | 9.00 | 9.18 | 8.98 | 8.62 | 8.46 | 7.95 | 7.20 |
| **1981/1980 % Change In Menu Price Year To Date** | 9.68 | 9.95 | 9.85 | 9.78 | 9.69 | 9.58 | 9.52 | 9.45 | 9.36 | 9.26 | 9.14 | 8.97 |
| **1982 Index** | 299.8 | 301.2 | 302.4 | 303.6 | 304.8 | 305.9 | 307.6 | 308.7 | 309.8 | 310.7 | 311.4 | 312.6 |
| **1982/1981 % Change In Menu Price By Month** | 6.73 | 5.80 | 5.70 | 5.34 | 5.36 | 5.26 | 5.20 | 5.11 | 5.09 | 4.90 | 4.78 | 5.00 |
| **1982/1981 % Change In Menu Price Year To Date** | 6.73 | 6.26 | 6.07 | 5.89 | 5.78 | 5.69 | 5.62 | 5.56 | 5.50 | 5.44 | 5.38 | 5.35 |
| **1983 Index** | 314.5 | 315.2 | 316.5 | 318.0 | 318.6 | | | | | | | |
| **1983/1982 % Change In Menu Price By Month** | 4.90 | 4.65 | 4.66 | 4.74 | 4.53 | | | | | | | |
| **1983/1982 % Change In Menu Price Year To Date (Cumulative)** | 4.90 | 4.78 | 4.74 | 4.74 | 4.70 | | | | | | | |

Source: *NRN* Research

### *PRICE INDEX FOR WHOLESALE FOOD*

1979 to June 1982 (1967 = 100.0)

| | Jan. | Feb. | March | April | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1979 Index** | 219.7 | 224.5 | 225.4 | 227.5 | 226.4 | 223.9 | 225.0 | 224.5 | 228.2 | 226.8 | 229.9 | 232.1 |
| **1980 Index** | 231.1 | 235.7 | 234.7 | 231.7 | 237.4 | 237.7 | 245.4 | 253.9 | 254.2 | 258.3 | 259.3 | 253.9 |
| **1981 Index** | 255.8 | 253.9 | 253.2 | 251.6 | 250.3 | 252.2 | 255.5 | 253.7 | 251.7 | 249.4 | 247.8 | 247.6 |
| **1981/1980 % Change In Wholesale Price By Month** | 10.69 | 7.72 | 7.88 | 8.59 | 5.43 | 6.10 | 4.12 | −0.08 | −0.98 | −3.45 | −4.44 | −2.48 |
| **1981/1980 % Change In Wholesale Price Year To Date** | 10.69 | 9.19 | 8.75 | 8.71 | 8.05 | 7.72 | 7.18 | 6.22 | 5.37 | 4.43 | 3.57 | 3.06 |
| **1982 Index** | 252.0 | 253.5 | 251.6 | 254.4 | 257.9 | 259.0 | 256.8 | 255.9 | 255.4 | 252.9 | 252.1 | 252.7 |
| **1982/1981 % Change In Wholesale Price By Month** | −1.49 | −0.16 | −0.67 | 1.11 | 3.04 | 2.70 | 0.51 | 0.87 | 1.47 | 1.40 | 1.74 | 2.06 |
| **1982/1981 % Change In Wholesale Price Year To Date** | −1.49 | −0.82 | −0.77 | −0.31 | 0.36 | 0.74 | 0.71 | 0.73 | 0.81 | 0.87 | 0.95 | 1.09 |
| **1983 Index** | 252.4 | 254.7 | 255.5 | 258.1 | 258.2 | 256.5 | | | | | | |
| **1983/1982 % Change In Wholesale Price By Month** | 0.16 | 0.47 | 1.55 | 1.45 | 0.12 | −0.97 | | | | | | |
| **1983/1982 % Change In Wholesale Price Year To Date** | 0.16 | 0.32 | 0.73 | 0.91 | 0.75 | 0.46 | | | | | | |

Source: *NRN* Research

# CHAIN ANALYSIS/PART II: FAMILY RESTAURANTS

## *Menu price hikes outstrip leveling food and labor costs*

Family restaurants/coffee shops have been slow to drop their menu prices. After cutting back from an average 9.1% menu price rise in 1981 to a 6.1% increase in 1982, they raised their prices 5.5% this year—well above the inflation rate.

Food costs increase only 1.5% this year, but labor costs jumped 3.6% (perhaps partly because of the new tip reporting credit requirements

This category shows a rising proportion of customers in the over 50 bracket, now accounting for 29.3% of sales.

Income levels are higher for family restaurant customers, with 40.2% now in the $15,000 to $24,999 family income bracket and 28.1% at over $25,000.

Dinner, at 33.7% of sales, and breakfast, at 23.6%, show the biggest gains for meal period proportion of sales.

### *OPERATING HIGHLIGHTS OF FAMILY RESTAURANTS/ COFFEE SHOPS*

| | 1982 | 1983* |
|---|---|---|
| Food Sales | 100% | 100% |
| Food Cost | 32.9 | 32.2 |
| Supplies | 3.1 | 3.2 |
| Labor | 28.0 | 28.0 |
| Utilities | 4.5 | 4.6 |
| Advertising, Promotion | 3.5 | 3.6 |
| Administrative, General | 6.5 | 6.5 |
| Repairs, Maintenance | 1.2 | 1.2 |
| Rent, Property Tax, Insurance | 8.0 | 8.1 |
| Depreciation | 2.7 | 2.8 |
| Interest | 1.4 | 1.3 |
| Total | 91.8% | 91.5% |
| Pretax Profit | 8.2 | 8.5 |

Source: *NRN* Research

**NRN* estimate

### *INSIDE STATISTICS OF FAMILY RESTAURANTS/COFFEE SHOPS*

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| Cost Profile | | | |
| Menu Price Changes | 9.1% | 6.1% | 5.5% |
| Food Cost** | 3.5 | 2.1 | 1.5 |
| Labor Cost Increases† | 7.8 | 3.5 | 3.6 |
| Consumer Profile | | | |
| Age Distribution | | | |
| Under 25 | 29.8% | 26.8% | 24.1% |
| 25-49 | 46.3 | 46.0 | 46.6 |
| 50+ | 23.9 | 27.2 | 29.3 |
| Total | 100.0% | 100.0% | 100.0% |
| Income Distribution | | | |
| Under $8,000 | 9.1% | 8.2% | 7.6% |
| $8,000-$14,999 | 37.3 | 28.5 | 24.1 |
| $15,000-$24,999 | 35.3 | 38.1 | 40.2 |
| $25,000+ | 18.3 | 25.2 | 28.1 |
| Total | 100.0% | 100.0% | 100.0% |
| Sales Percentage Breakdown | | | |
| Breakfast | 24.8% | 21.1% | 23.6% |
| Lunch | 31.7 | 32.0 | 29.2 |
| Dinner/Supper | 35.0 | 30.2 | 33.7 |
| Other | 8.5 | 16.7 | 13.5 |
| Total | 100.0% | 100.0% | 100.0% |

Source: *NRN* Research

**NRN* estimate

**Due to wholesale price changes

†Due exclusively to changing benefits, wages, new overtime provisions, tip credit and meal credit changes

## *Restaurants top supermarkets in real sales gains*

If Government figures are right, a significant and continuing recovery in real sales gains has developed for almost all types of restaurants over the last year.

Furthermore, real sales gains at eating and drinking places are significantly outpacing those at the supermarket, despite continuing flatness in wholesale food prices.

This seems to validate studies that have shown that the public is eager to eat out on more occasions than they now do—if they feel they can afford to.

The apparent magnet drawing customers back to the nation's restaurants is a brightening employment picture—brightening, at least, on some critical fronts.

Though civilian unemployment shrank just a tenth of a percentage point to 10% of the labor force in June, nonagricultural payroll employment jumped by 344,000.

This brings the total increase in the payroll category to 1.1 million since the economy bottomed last December. Economists say these employment gains are absolutely critical to continuing economic recovery because wages and salaries themselves are rising so slowly that only new hiring can get consumers into any sort of position to spend more.

While figures compiled by the Commerce Department and others show significant improving real business for the total eating and drinking places category, some segments are outpacing others.

Most notably, real recovery seems much stronger in the fast-food hamburger category than in the coffee shop group.

Many analysts felt that during the worst of the recession, it was the fast-food hamburger group that was actually losing customers, who were dropping out of the eating-away-from-home market, rather than just visiting restaurants less frequently.

### *REAL SALES CHANGES*

(Comparative unit sales rise minus menu price rise)

| | Average Store | | | | Eating & Drinking Places | Food Stores |
|---|---|---|---|---|---|---|
| | Coffee Shops† | Fast Food | | Total | | |
| | | Burger†† | Other††† | | | |
| 1980 | | | | | | |
| 1st Qtr. | −5.6 | −2.2 | −3.5 | −3.7 | −0.7 | 4.6 |
| 2nd Qtr. | −3.3 | −2.8 | −3.0 | −3.1 | −2.1 | 3.9 |
| 3rd Qtr. | −0.2 | −0.7 | −1.7 | −1.3 | −2.5 | 2.7 |
| 4th Qtr. | −2.7 | 0.3 | 0.5 | −0.5 | −3.1 | −0.3 |
| 1981 | | | | | | |
| 1st Qtr. | −1.8 | 0.6 | 0.8 | 0.3 | −0.8 | −1.2 |
| 2nd Qtr. | 3.7 | 1.6 | 1.9 | 2.2 | 2.1 | 2.4 |
| 3rd Qtr. | 0.9 | −0.7 | 1.0 | 0.7 | 1.6 | 3.0 |
| 4th Qtr. | −2.4 | −0.1 | 0.6 | −0.3 | 0.3 | 4.4 |
| 1982 | | | | | | |
| 1st Qtr. | −3.5 | −0.1 | −0.3 | −0.9 | −0.7 | 2.3 |
| 2nd Qtr. | −0.9 | 4.9 | 2.0 | 2.2 | 1.7 | 0.8 |
| 3rd Qtr. | 2.1 | 6.0 | 1.8 | 3.1 | 4.4 | 1.3 |
| 4th Qtr. | 2.8 | 5.6 | 2.6 | 3.3 | 6.9 | 1.7 |
| 1983 | | | | | | |
| 1st Qtr. | 3.2 | 6.9 | 3.1 | 4.2 | 8.2 | 1.8 |
| 2nd Qtr. | 4.0 | 6.7 | 4.2 | 4.8 | 7.7* | 2.4* |

Source: U.S. Department of Commerce, Bureau of Labor Statistics, Restaurant Industry Trends

**NRN* Estimate

†Denny's, Friendly, Howard Johnson, Sambo's

††Burger King, Hardee's, Jack in the Box, McDonald's, Wendy's

†††Church's, Dunkin' Donuts, KFC, Long John's, Pizza Hut, Ponderosa, Taco Bell, Winchell's

# CHAIN ANALYSIS/PART II: FAMILY RESTAURANTS

## TOP SELLERS AT FAMILY RESTAURANTS AND COFFEE SHOPS

| Menu Items | Average Weekly Dollars Per Restaurant 1982 | Average Weekly Dollars Per Restaurant 1983* | Per Cent Of Total Sales 1982 | Per Cent Of Total Sales 1983* | Average Number Of Items Sold Per Week 1982 | Average Number Of Items Sold Per Week 1983* | Per Cent Of Items Sold 1982 | Per Cent Of Items Sold 1983* |
|---|---|---|---|---|---|---|---|---|
| Breakfast | $ 4,028 | $ 4,412 | 28.2 | 28.4 | 1,966 | 2,026 | 17.6 | 18.1 |
| Platters/Salads | 2,486 | 2,643 | 17.4 | 17.0 | 925 | 1,011 | 8.3 | 9.0 |
| Beverages | 2,643 | 2,812 | 18.5 | 18.1 | 5,394 | 5,180 | 48.2 | 46.3 |
| Sandwiches | 2,028 | 2,176 | 14.2 | 14.0 | 1,153 | 1,216 | 10.3 | 10.9 |
| Dinners | 1,815 | 2,211 | 12.7 | 14.2 | 397 | 481 | 3.5 | 4.3 |
| Desserts | 629 | 622 | 4.4 | 4.0 | 629 | 565 | 5.6 | 5.1 |
| Chili/Soup/Side Orders | 657 | 668 | 4.6 | 4.3 | 730 | 703 | 6.5 | 6.3 |
| TOTALS | $14,286 | $15,544 | 100.0 | 100.0 | 11,194 | 11,182 | 100.0 | 100.0 |

Source: *NRN* Research *NRN estimate

## BREAKFAST: 28.4% OF 1983 SALES

| Menu Items | Average Weekly Dollars Per Restaurant 1982 | Average Weekly Dollars Per Restaurant 1983* | Per Cent Of Total Sales 1982 | Per Cent Of Total Sales 1983* | Average Number Of Items Sold Per Week 1982 | Average Number Of Items Sold Per Week 1983* | Per Cent Of Items Sold 1982 | Per Cent Of Items Sold 1983* | Average Menu Prices 1982 | Average Menu Prices 1983* |
|---|---|---|---|---|---|---|---|---|---|---|
| Eggs | $ 644 | $ 697 | 16.0 | 15.8 | 322 | 332 | 16.4 | 16.4 | $2.00 | $2.10 |
| Omelets | 758 | 812 | 18.8 | 18.4 | 286 | 285 | 14.6 | 14.1 | 2.65 | 2.85 |
| Baked Goods | 226 | 243 | 5.6 | 5.5 | 323 | 347 | 16.4 | 17.1 | 0.70 | 0.70 |
| Pancakes | 366 | 406 | 9.1 | 9.2 | 209 | 208 | 10.6 | 10.3 | 1.75 | 1.95 |
| Waffles | 80 | 75 | 2.0 | 1.7 | 50 | 44 | 2.5 | 2.2 | 1.60 | 1.70 |
| French Toast | 101 | 105 | 2.5 | 2.4 | 56 | 57 | 2.8 | 2.8 | 1.80 | 1.85 |
| Cereals | 44 | 49 | 1.1 | 1.1 | 52 | 58 | 2.6 | 2.9 | 0.85 | 0.85 |
| Other | 173 | 150 | 4.3 | 3.4 | 173 | 143 | 8.8 | 7.0 | 1.00 | 1.05 |
| Meat Breakfast | 622 | 666 | 15.4 | 15.1 | 168 | 180 | 8.6 | 8.9 | 3.70 | 3.70 |
| Combo Breakfast | 1,014 | 1,209 | 25.2 | 27.4 | 327 | 372 | 16.7 | 18.3 | 3.10 | 3.25 |
| TOTALS | $4,028 | $4,412 | 100.0 | 100.0 | 1,966 | 2,026 | 100.0 | 100.0 | | |

Source: *NRN* Research *NRN estimate

## PLATTERS/SALADS: 17% OF 1983 SALES

| Menu Items | Average Weekly Dollars Per Restaurant 1982 | Average Weekly Dollars Per Restaurant 1983* | Per Cent Of Total Sales 1982 | Per Cent Of Total Sales 1983* | Average Number Of Items Sold Per Week 1982 | Average Number Of Items Sold Per Week 1983* | Per Cent Of Items Sold 1982 | Per Cent Of Items Sold 1983* | Average Menu Prices 1982 | Average Menu Prices 1983* |
|---|---|---|---|---|---|---|---|---|---|---|
| Specialty Burger | $ 733 | $ 745 | 29.5 | 28.2 | 257 | 276 | 27.8 | 27.3 | $2.65 | $2.70 |
| Burger Platter | 351 | 360 | 14.1 | 13.6 | 138 | 150 | 14.9 | 14.8 | 2.35 | 2.40 |
| Fish Platter | 247 | 256 | 9.9 | 9.7 | 105 | 109 | 11.4 | 10.8 | 2.30 | 2.35 |
| Chicken Platter | 223 | 231 | 9.0 | 8.7 | 84 | 84 | 9.1 | 8.3 | 2.60 | 2.75 |
| Chili Platter | 104 | 107 | 4.2 | 4.0 | 56 | 61 | 6.0 | 6.0 | 1.70 | 1.75 |
| Diet Platter | 381 | 404 | 15.4 | 15.3 | 127 | 137 | 13.7 | 13.6 | 2.85 | 2.95 |
| Chef Salad | 374 | 459 | 15.0 | 17.4 | 131 | 164 | 14.2 | 16.2 | 2.70 | 2.80 |
| Other Platters | 73 | 81 | 2.9 | 3.1 | 27 | 30 | 2.9 | 3.0 | 2.60 | 2.70 |
| TOTALS | $2,486 | $2,643 | 100.0 | 100.0 | 925 | 1,011 | 100.0 | 100.0 | | |

Source: *NRN* Research *NRN estimate

***Family restaurants can expect to flex their muscles at dinnertime with solid sales gains for full dinners projected for this year—particularly in beef- and chicken-based meals. The percentage of chefs salads out of the total mix of platters and salads is also expected to take a significant jump.***

# CHAIN ANALYSIS/PART II: FAMILY RESTAURANTS

## *BEVERAGES: 18.1% OF 1983 SALES*

| Menu Items | Average Weekly Dollars Per Restaurant 1982 | 1983* | Per Cent Of Total Sales 1982 | 1983* | Average Number Of Items Sold Per Week 1982 | 1983* | Per Cent Of Items Sold 1982 | 1983* | Average Menu Prices 1982 | 1983* |
|---|---|---|---|---|---|---|---|---|---|---|
| Coffee | $1,221 | $1,263 | 46.2 | 44.9 | 2,713 | 2,526 | 50.3 | 48.7 | $0.45 | $0.50 |
| Carbonated Drinks | 663 | 692 | 25.1 | 24.6 | 1,205 | 1,153 | 22.3 | 22.2 | 0.55 | 0.60 |
| Milk | 248 | 284 | 9.4 | 10.1 | 496 | 516 | 9.2 | 10.0 | 0.50 | 0.55 |
| Juices | 251 | 278 | 9.5 | 9.9 | 405 | 397 | 7.5 | 7.7 | 0.62 | 0.70 |
| Tea | 77 | 87 | 2.9 | 3.1 | 171 | 174 | 3.2 | 3.4 | 0.45 | 0.50 |
| Iced Tea | 100 | 121 | 3.8 | 4.3 | 222 | 242 | 4.1 | 4.7 | 0.45 | 0.50 |
| Hot Chocolate | 49 | 51 | 1.8 | 1.8 | 114 | 106 | 2.1 | 2.0 | 0.43 | 0.48 |
| Other Beverages | 34 | 36 | 1.3 | 1.3 | 68 | 66 | 1.3 | 1.3 | 0.50 | 0.55 |
| TOTALS | $2,643 | $2,812 | 100.0 | 100.0 | 5,394 | 5,180 | 100.0 | 100.0 | | |

Source: *NRN* Research **NRN* estimate

## *SANDWICHES: 14% OF 1983 SALES*

| Menu Items | Average Weekly Dollars Per Restaurant 1982 | 1983* | Per Cent Of Total Sales 1982 | 1983* | Average Number Of Items Sold Per Week 1982 | 1983* | Per Cent Of Items Sold 1982 | 1983* | Average Menu Prices 1982 | 1983* |
|---|---|---|---|---|---|---|---|---|---|---|
| Specialty Burger | $ 456 | $ 481 | 22.5 | 22.1 | 217 | 229 | 18.8 | 18.8 | $2.10 | $2.10 |
| Plain Burger | 306 | 339 | 15.1 | 15.6 | 211 | 234 | 18.3 | 19.3 | 1.45 | 1.45 |
| Cheeseburger | 260 | 285 | 12.8 | 13.1 | 168 | 184 | 14.6 | 15.1 | 1.55 | 1.55 |
| Bacon/Lettuce/ Tomato | 154 | 168 | 7.6 | 7.7 | 81 | 86 | 7.0 | 7.1 | 1.90 | 1.95 |
| Grilled Cheese | 126 | 130 | 6.2 | 6.0 | 87 | 84 | 7.6 | 6.9 | 1.45 | 1.55 |
| Fish | 205 | 205 | 10.1 | 9.4 | 105 | 100 | 9.1 | 8.2 | 1.95 | 2.05 |
| Ham | 126 | 133 | 6.2 | 6.1 | 63 | 62 | 5.5 | 5.1 | 2.00 | 2.15 |
| Other Sandwiches | 353 | 381 | 17.4 | 17.5 | 172 | 173 | 14.9 | 14.2 | 2.05 | 2.20 |
| Frankfurters | 42 | 54 | 2.1 | 2.5 | 49 | 64 | 4.2 | 5.3 | 0.85 | 0.85 |
| TOTALS | $2,028 | $2,176 | 100.0 | 100.0 | 1,153 | 1,216 | 100.0 | 100.0 | | |

Source: *NRN* Research **NRN* estimate

## *DINNERS: 14.2% OF 1983 SALES*

| Menu Items | Average Weekly Dollars Per Restaurant 1982 | 1983* | Per Cent Of Total Sales 1982 | 1983* | Average Number Of Items Sold Per Week 1982 | 1983* | Per Cent Of Items Sold 1982 | 1983* | Average Menu Prices 1982 | 1983* |
|---|---|---|---|---|---|---|---|---|---|---|
| Steaks | $ 356 | $ 438 | 19.6 | 19.8 | 57 | 70 | 14.4 | 14.6 | $6.25 | $6.25 |
| Chicken | 365 | 450 | 20.1 | 20.4 | 87 | 106 | 21.9 | 22.0 | 4.20 | 4.25 |
| Chopped Steak | 136 | 158 | 7.5 | 7.1 | 35 | 40 | 8.8 | 8.3 | 3.90 | 3.95 |
| Roast Beef, Turkey | 273 | 329 | 15.0 | 14.9 | 58 | 70 | 14.6 | 14.6 | 4.70 | 4.70 |
| Shrimp | 243 | 250 | 13.4 | 11.3 | 49 | 48 | 12.3 | 10.0 | 4.95 | 5.20 |
| Other Seafood | 344 | 406 | 19.0 | 18.4 | 86 | 99 | 21.7 | 20.5 | 4.00 | 4.10 |
| Other Dinners | 98 | 180 | 5.4 | 8.1 | 25 | 48 | 6.3 | 10.0 | 3.90 | 3.75 |
| TOTALS | $1,815 | $2,211 | 100.0 | 100.0 | 397 | 481 | 100.0 | 100.0 | | |

Source: *NRN* Research **NRN* estimate

***While coffee and carbonated beverages are projected to either slip or barely hold their own as beverages of choice, a growing number of customers are expected to order milk, juices and tea—especially iced tea. Specialty burgers face a similar fate vs. their less elaborate counterparts.***

# CHAIN ANALYSIS/PART II: BURGERS

## Drop in inflation, level food costs keep menu hikes down

After climbing 8.9% in 1981 and 5.1% in 1982, average menu price rises for burger chains this year are only up 3.8%. This reflects both a sharp drop in inflation throughout the economy and a leveling off in costs.

A gradual upswing in the income of fast-food burger customers is noticeable with customers in the $15,000 to $24,999 family income range now accounting for one-third of the sales and those in the over $25,000 bracket yielding 36.3%. The 25- to 49-year-old age group continues to provide the majority of customers, although by a smaller margin.

### INSIDE STATISTICS OF BURGER CHAINS

| | 1981 | 1982 | 1983* |
|---|---|---|---|
| **Cost Profile** | | | |
| % Menu Price Changes | 8.9% | 5.1% | 3.8% |
| % Food Cost*** | 3.1 | 2.9 | 1.5 |
| Labor Cost Increases† | 6.0 | 3.8 | 3.6 |
| **Customer Profile** | | | |
| Age Distribution | | | |
| Under 25 Years Old | 27.6% | 24.3% | 27.1% |
| 25-49 Years Old | 53.9 | 56.6 | 52.7 |
| 50 Years Old + | 18.5 | 19.1 | 20.2 |
| Income Distribution | | | |
| Under $8,000 | 13.5% | 11.6% | 7.9% |
| $8,000-$14,999 | 25.0 | 23.2 | 22.8 |
| $15,000-$24,999 | 34.9 | 32.0 | 33.0 |
| $25,000 + | 26.6 | 33.2 | 36.3 |
| **Sales Percentage Breakdown** | | | |
| Breakfast | 8.5% | 10.7% | 12.1% |
| Lunch | 47.4 | 47.1 | 45.7 |
| Dinner/Supper | 37.0 | 36.9 | 37.4 |
| Other | 7.1 | 5.3 | 4.8 |

Source: *NRN* research *NRN estimate

* Due to wholesale price changes

†Due exclusively to changing wages, benefits, new overtime provisions, tip credit, meal credit charges

### OPERATING HIGHLIGHTS OF BURGER CHAINS

| | 1982 | 1983* |
|---|---|---|
| **Food Sales** | 100% | 100% |
| **Food Cost** | 34.6 | 34.4 |
| **Supplies** | 4.0 | 4.0 |
| **Labor Cost, Benefits** | 24.6 | 24.5 |
| **Utilities** | 3.3 | 3.4 |
| **Advertising, Promotion** | 4.4 | 4.5 |
| **Administrative, General** | 6.2 | 6.1 |
| **Repairs, Maintenance** | 1.4 | 1.4 |
| **Rent, Property Tax, Insurance** | 8.0 | 8.0 |
| **Depreciation** | 2.5 | 2.5 |
| **Interest** | 2.0 | 1.8 |
| **Total** | 91.0 | 90.6 |
| **Pretax Profit** | 9.0 | 9.4 |

Source: *NRN* research *NRN estimate

## Average unit sales climb 8%

Comparative average unit sales of burger chains surveyed by *Nation's Restaurant News* jumped 8% this year, from $14,000 to $15,276 a week and from $728,000 to $794,000 annually. Menu prices edged upward only slightly, yielding an average real sales increase of at least 4% on the chains surveyed.

Outpacing the averages this year were McDonald's with $1.15 million average per unit annual sales, up only 2%; Hardee's, $864,000, up 16%; Burger King, $850,000, up 10%, and Wendy's, $750,000, up 7%.

Breakfast continues to climb, with breakfast items accounting for 8.0% of total items sold and 10.8% of total sales, compared with 7.0% and 9.5%, respectively, last year.

***Although McD has above average unit sales, growth was low at only 2%.***

The trend toward specialty sandwiches appears to have halted. Hamburgers show a higher proportion of sales than formerly while specialty sandwiches have leveled off or even dropped.

Soft drinks—still a major leader in the mix—dipped from 24.8% of the items sold to 22.9% and from 13.7% of total sales to 13.1%. Consumer resistance to higher soft drink prices could be the reason.

### SALES AT BURGER CHAINS

| Menu Items | Average Weekly Dollar Sales Per Restaurant 1982 | 1983 | Per Cent Of Total Sales 1982 | 1983 | Average Number Of Items Sold Per Week 1982 | 1983 | Per Cent Of Items Sold 1982 | 1983 | Average Menu Prices 1982 | 1983 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Principle Specialty Burger** | $ 1,638 | $ 1,833 | 11.7 | 12.0 | 1,170 | 1,282 | 7.7 | 8.1 | $1.40 | $1.43 |
| **Principle Specialty Burger With Cheese** | 1,190 | 1,283 | 8.5 | 8.4 | 778 | 828 | 5.2 | 5.2 | 1.53 | 1.55 |
| **Hamburger, All Other, Plain** | 1,218 | 1,359 | 8.7 | 8.9 | 1,107 | 1,235 | 7.3 | 7.8 | 1.10 | 1.10 |
| **Cheeseburger, All Other, Plain** | 980 | 1,054 | 7.0 | 6.9 | 803 | 850 | 5.3 | 5.4 | 1.22 | 1.24 |
| **Chicken** | 1,162 | 1,192 | 8.3 | 7.8 | 581 | 596 | 3.8 | 3.7 | 2.00 | 2.00 |
| **Fish Sandwich** | 350 | 336 | 2.5 | 2.2 | 292 | 280 | 1.9 | 1.8 | 1.15 | 1.20 |
| **Other Sandwiches** | 560 | 626 | 4.0 | 4.1 | 320 | 348 | 2.1 | 2.2 | 1.75 | 1.80 |
| **Combination Platter** | 700 | 765 | 5.0 | 5.0 | 280 | 306 | 1.8 | 1.9 | 2.50 | 2.50 |
| **French Fries** | 1,722 | 1,848 | 12.3 | 12.1 | 2,733 | 2,843 | 18.0 | 17.9 | 0.63 | 0.65 |
| **Carbonated Beverages** | 1,918 | 2,001 | 13.7 | 13.1 | 3,761 | 3,638 | 24.8 | 22.9 | 0.51 | 0.55 |
| **Milk** | 42 | 46 | 0.3 | 0.3 | 114 | 121 | 0.8 | 0.8 | 0.37 | 0.38 |
| **Coffee** | 322 | 367 | 2.3 | 2.4 | 826 | 918 | 5.5 | 5.8 | 0.39 | 0.40 |
| **Milkshakes** | 448 | 504 | 3.2 | 3.3 | 640 | 720 | 4.2 | 4.5 | 0.70 | 0.70 |
| **Desserts** | 308 | 336 | 2.2 | 2.2 | 560 | 560 | 3.7 | 3.5 | 0.55 | 0.60 |
| **Breakfast Items** | 1,330 | 1,650 | 9.5 | 10.8 | 1,064 | 1,269 | 7.0 | 8.0 | 1.25 | 1.30 |
| **Other Items** | 114 | 76 | 0.8 | 0.5 | 134 | 86 | 0.9 | 0.5 | 0.85 | 0.88 |
| **TOTALS** | $14,002 | $15,276 | 100.0 | 100.0 | 15,163 | 15,880 | 100.0 | 100.0 | | |

Source: *NRN* Research

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*Special Kitchen Design Supplement—Inside*
*Personality Profile: Ernest Royal—Page 29*

Nation's Restaurant News®

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# Democrats press for 24% minimum wage hike

## GOP resurrects 'youth differential' plan

By Ken Rankin

WASHINGTON—Congressional Democrats have kicked off a new legislative drive aimed at raising the national minimum wage to $4.15 per hour.

The proposal, unveiled by Rep. Mario Biaggi (D-N.Y.), calls for a one-shot, 24% hike in the current $3.35 Federal hourly wage floor, which has remained unchanged since early 1981.

While passage by New Year's Day, as targeted by Biaggi, seems unlikely, support for the measure is expected to burgeon as next year's Presidential election campaign develops.

Biaggi's measure was introduced only hours after Rep. John Erlenborn (R-Ill.) advanced a Reagan Administration-backed bill to create a new lower "subminimum wage" for teenagers.

If enacted, Erlenborn's "youth differential" bill would allow food-service operators and other employers to hire teens (18 and under) at 85% of the present pay floor (or $2.85 per hour) for their first 180 days on the job.

Although Biaggi made no mention of that "youth differential" proposal in announcing his new minimum wage legislation, some indications were that the "$4.15 per hour" bill was introduced in retaliation for Erlenborn's measure.

Restaurant industry lobbyists do not expect either bill to pass Congress this session—traditionally, minimum wage legislation is only enacted in election years—but concern is apparent that Biaggi's proposal may be the opening shot in a long-range organized labor campaign to raise the national pay floor by mid-1984.

Among other things, union strategists are expected to press for legislation next year which would not only raise the minimum hourly rate well beyond $4, but also establish an escallator clause or "indexing" provision ensuring automatic annual hikes in the minimum wage.

In addition, organized labor is on record in favor of cutbacks in the current 40-hour work week and a further reduction in

(Continued on page 58)

# Church's to buy Ron's Krispy, plans to convert Houston stores

SAN ANTONIO—Church's has agreed to purchase the 74-unit, Houston-based Ron's Krispy Fried Chicken from founder Ron Woodall for an undisclosed amount of cash.

The deal, which was scheduled to become final at the end of this month, will make Ron's a wholly owned subsidiary of 1,400-unit Church's.

Church's officials say they plan to keep most of the 34 franchised and 40 company-owned Ron's operating under the Ron's Krispy name.

The purchase will also allow Church's to convert its 16 company stores in Houston to Ron's, which it plans to do within the next month or two, according to William Storm, Church's senior vice president of finance.

A recent Federal court ruling barred Church's from operating company stores under the Church's name in Houston. Church's had just re-entered the Houston market last year, after a dispute with its franchisee there.

But a Federal judge has ruled that the franchisee, Jim Dandy, has the rights to the Church's name in Houston—at least until 1986—and so the company has to change the name of its own units.

Church's officers said last year they were prepared to change the name of the units if they lost the suit. Negotiations for Ron's have been going on for more than a year.

**Church's plans to convert its 16 stores in the Houston market to the Ron's Krispy name in the next month or two.**

Storm said converting to Ron's in Houston would actually be beneficial for several reasons: it would create uniformity in company operations in the city; it would make it easier to increase menu prices since Ron's prices are higher than Church's, and it would allow a greater impact from advertising.

"They've got a good reputation," Storm said of Ron's Krispy. "We just want to keep that business going without any sudden disruptions."

Ron Woodall opened his first Ron's Krispy Fried Chicken unit in Houston in 1971 and began franchising in 1973. At one time there were 85 units in the chain; now there are 74. One of the units may be sold to a buyer other than Church's.

Systemwide sales last year were $35 million, Woodall said. Average annual store sales are about $400,000, about the same or slightly higher than Church's, according to Storm.

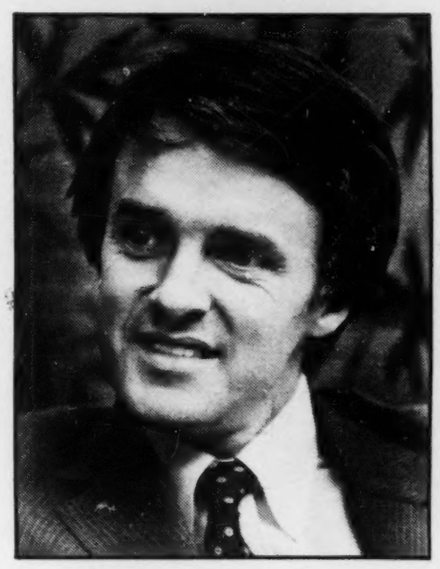
Woodall said he would stay on until "the Church's people feel comfortable" with the concept. After that, he said, he will become involved in some other business. He will not become a franchisee of the concept he created.

Commenting on the plan to keep the name and operations alive, he said, "I think it's a smart move. Ron's has an excel-

(Continued on page 58)

# Kerrey to deliver keynote at MUFSO conference

LINCOLN, Neb.—Gov. Bob Kerrey, a war hero as well as a successful restaurateur, will be a featured keynote speaker at *Nation's Restaurant News*' 24th annual Multi-Unit Food Service Operators (MUFSO) conference at Los Angeles' Century Plaza Hotel, Oct. 9-12.



**Governor Bob Kerrey**

Kerrey's campaign for office last fall on the Democratic ticket attracted national press coverage. The Governor, a Nebraska native, won a Congressional Medal of Honor in Vietnam. During the action that won him the medal, a grenade exploded at his feet tearing off part of one leg.

During last fall's election campaign Kerrey stressed his fiscal conservatism along with a range of proposals designed to build an agricultural processing industry in this state.

A campaign aide remarked that when Kerrey was in one of his Grandmother's Skillet restaurants, "He'd look at his restaurant and be very distressed that the only Nebraska-manufactured food he could buy was beef."

Although Kerrey's interest in the restaurant business began early, he studied pharmacy at the University of Nebraska, graduating in 1965.

After convalescing from his leg injury, Kerrey again took up pharmacy. It wasn't until 1972 that he decided to go into the restaurant business. He now has four restaurants.

Kerrey, who is divorced and has two children, has been quoted as saying that similarities are strong between running a restaurant and being a politician.

Before he was elected he noted "I collect the taxes for the state of Nebraska. I'm on the other side of the cash register and I know how hard it is on people to separate themselves from [money paid as tax]."

## LATE NEWSBREAKS

**Members of the Murchison family say they are in the process of buying out Tony Roma's restaurant chain partner Jack Peebles, a Miami attorney. Robert Murchison has been named Tony Roma's ceo. S. William Bowman, a Red Lobster vp and regional operations director, is replacing Noel Stein as Tony Roma's operations director.**

**Sambo's has converted a number of its 6-month-old Season's restaurants to Godfather's Pizza units, the first of 60 such projected conversions as a franchisee. Meanwhile, Sambo's is slated to convert 50 Season's to W. R. Grace's Coco's coffee shops within the next 12 months.**

**C. A. Muer Corp., Detroit-based operator of about 35 seafood restaurants, will shortly open a pasta-and-poultry-menu family restaurant called Mama & Pasta's in Wayne, Mich.**

*Labor Dept. policy overruled*

# Court squelches meal credit constraints

NEW ORLEANS—In a decision likely to force the Labor Department to abandon its controversial meal credit crackdown, a Federal appeals court in Louisiana ruled that restaurants need not offer minimum wage workers a continuing option to demand cash pay instead of reduced price meals.

The ruling effectively invalidates a Federal wage hour enforcement policy prohibiting food-service operators from deducting meal credits from the pay of minimum wage workers who do not voluntarily and continuously agree to those deductions.

Although this month's appeals court ruling is binding only in the Fifth Judicial Circuit (Louisiana, Texas and Arkansas), a separate Federal appeals panel in Georgia handed the Labor Department an almost identical meal credit setback earlier this year in a parallel decision involving Morrison's and Davis Brothers' cafeterias.

Despite that earlier Eleventh Circuit ruling (which prohibited Federal wage and hour agents from enforcing the controversial meal credit rules in Georgia, Alabama and Florida), the Labor Department maintained its enforcement crackdown against restaurateurs in other parts of the country.

Now that two Federal appelate courts have declared the regulations invalid, "it's inconceivable the Labor Department will continue to pursue this enforcement policy anywhere," attorneys at the Washington, D.C.-based Foodservice and Lodging Institute told *Nation's Restaurant News*.

The controversy centers on the department's interpretation of a Federal Fair Labor

(Continued on page 58)

COMMODITIES

# Drought, Soviets force meat down, grain up

**NRN Special Report**

Pork has joined beef in its usual summer doldrums, with prices crossing back and forth over the $1 level at the slaughter houses in the Midwest. The drought in the Midwest caused a good deal of problems for cattle and hog producers during latter July. Extreme heat and lack of rain cut animal weight, both for cattle in feed lots, where it was too hot to eat, and for hogs on the farm. Lower weight increases inspired many raisers to haul their animals to market before things got worse. As a result, the pipeline filled with meat, and the prices—predictably—dropped.

While prices are moving back up this month and next, they will reflect increased marketing of animals for some time. Hog producers have shortened the time it takes to get a hog to market, both through genetics and better feeding methods. As a result, present hog prices in the $46-$48 per hundredweight range are barely ahead of many producers' costs of production. Coupled with the sharp increase in the price of corn and feed grains due to both the drought and to new Soviet buys expected under the recently agreed upon grain purchase pact, sows which would normally be held for breeding are finding their way to the slaughter house in greater numbers.

*(Continued on page 58)*

## PRICE MOVEMENT AT A GLANCE

| | Aug. 5, 1982 | July 5, 1983 | Aug. 5, 1983 |
|---|---|---|---|
| Beef, Choice, 700-900 lb., Midwest (lb.) | $ 1.02 | $ 1.03 | $ 0.95 |
| Broilers, Grade A, icepack NYC (lb.) | $ 0.4647 | $ 0.5433 | $ 0.5740 |
| Cocoa, Raw, Ivory Coast (metric ton) | $1,527 | $2,310 | $2,416 |
| Eggs, large, Grade A, white, Chicago (doz.) | $ 0.5675 | $ 0.645-0.65 | $ 0.735-0.74 |
| Hams, Polish, canned, 10-14 lb. NYC (lb.) | $ 2.00-2.05 | $ 1.55-1.57 | $ 1.54-1.56 |
| King Crab Legs, NYC, frozen (lb.) | $ 7.25-7.60 | $ 8.50-9.20 | $ 8.50-8.95 |
| Lettuce, iceberg, Calif. (24s) | $ 4.00-6.00 | $ 3.00-3.25 | $ 4.50-5.50 |
| Lima beans, large dry, Calif. (cwt.) | $34.50 | $34.00 | $35.00-36.00 |
| Pork loins, Choice, 14-17 lb., Midwest (lb.) | $ 1.22 | $ 0.92 | $ 0.92 |
| Scallops, raw frozen, domestic 30-40 count (lb.) | $ 3.85-3.90 | $ 5.70-6.20 | $ 5.75-6.25 |

Source: NRN Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# Shoney's South goes public

## *Big Boy, Captain D's franchise raises $16.7M to pay off debt, fuel growth*

**By Rurick Telberg**

MEMPHIS—Shoney's South, a Big Boy and Captain D's franchisee, has gone public, raising $16.7 million from the sale of 1.1 million shares of common stock.

Selling shareholders offered 231,400 shares to reap $3.4 million and still retain 33% control of the company.

The company's share of the proceeds will be used to pay down about $11.5 million in bank debt borrowed to fuel expansion at half a point over prime.

The company was founded in 1970 by James Prentiss, now the 55-year-old chairman, president and chief executive. He kept about 12% ownership after the stock sale.

Alex Schoenbaum, a company director and senior chairman of Shoney's Inc. of Nashville, controls about 13% of the company.

Prentiss and Schoenbaum were once partners in developing Big Boy family restaurants in the South. They split in 1970 to form their own companies.

Schoenbaum, who had the Big Boy rights to Nashville, teamed up with Ray Danner whose Danner Foods was a public company at the time.

Prentiss, who had the Memphis territory, merged with Erwin Latimer and W. Terry Young who had the Charlotte, N.C., and Chattanooga, Tenn., territories. Latimer, 59, is executive vice president and Young, 53, is a director.

Shoney's South operates 104 Big Boy's and 41 Captain D's fast-food seafood outlets, both of which it franchises from Shoney's Inc. Marriott Corp. holds the master rights to the Big Boy name.

In addition, the company owns 13 Hungry Fisherman dinnerhouses and 18 fast-food Danver's restaurants. It franchises another 24 Danver's to others. It also has four pub-dinnerhouses under various names in test.

"We always intended to be a public company," said Dennis Reeve, chief financial officer.

Alex Schoenbaum

"We almost had a final draft of the S-1 [a Government filing form] in 1976 when the market fell off.

"1983 was the first time since then that we were able to put together a good earnings track record and forecast," he said.

Reeve indicated the decision to move early this summer was prompted by the company's need for future expansion capital and the sky-high stock market which has seen more restaurant companies go public in the

*(Continued from page 58)*

# 'Final' tip reporting regulations allow new flexibility to operators

**By Ken Rankin**

WASHINGTON—Final new Federal tip reporting regulations uncorked by the Internal Revenue Service earlier this month offer food-service operators new flexibility in complying with the agency's burdensome tip income "allocation" requirements.

But the concessions made by the tax service fall far short of the relief demanded by restaurant industry and union groups, and, if anything, the freshly revised IRS regulations are likely to add fuel to the drive for Congressional changes in the controversial tip disclosure law.

The most significant "reform" adopted by the agency will sharply reduce the number of restaurants that will be required to allocate unreported tip "income" to employees.

Under the original "temporary" IRS tip regulations issued last December, establishments at which employees reported tip income averaging less than 8% of total food and beverage sales were required to "allocate" the difference proportionately among all workers for every pay period (or at least once a month).

The new "final" rules require this complex "allocation" process to be performed only once each year.

Under the new system, even if tips reported by employees drop below 8% of sales for several months or pay periods no allocation will be required unless the annual average reported by all workers falls below the 8% safe harbor threshold.

Earlier this year both the National Restaurant Association and the Foodservice & Lodging Institute had recommended this change in formal comments to the agency, and in granting these requests IRS acknowledged that "tip allocations on even a 31-day basis is too burdensome" for many restaurateurs.

In addition, the new regulations expand the tip reporting exemption to excuse most cafeteria workers from the rule even if they receive occasional gratuities for serving beverages.

In order to qualify as an exempt "cafeteria-style operation," the establishment must be one which is "primarily self-service and in which the total cost of food or beverages selected by a customer is paid prior to the customer's being seated or is stated on a check provided to the customer prior to the customer's being seated and is paid by the customer to a cashier," the IRS explained.

Examples of "self-service" operations include buffets, smorgasbords and cafeteria lines where food and beverages are selected at one location and then carried to a seat by the customer, the agency said.

"If, after a customer is seated, a food or beverage employee delivers items such as an item that required additional preparation after being selected by the customer, condiments, beverages, or refills at no additional cost to the customer, a food or beverage operation's status as primarily self-service would not be affected," the new regulations state.

At the same time, IRS narrowed the definition of an exempt "fast food" establishment to include only operations

*(Continued from page 57)*

# Dunfey feeding $20M into f&b refurbishment

**By Susan Spedalle**

HAMPTON, N.H.—Dunfey Hotels, the 28-unit chain owned by Aer Lingus, is refurbishing its entire food and beverage program at a cost in the neighborhood of $20 million.

Changes include introduction of American cuisine themes for some of Dunfey's white table cloth restaurants and the revitalization of its landmark concepts.

Involved are facilities at nine hotels, ranging in size from 300-600 rooms. All cater to essentially local clienteles with their food and beverage facilities.

"The restaurant must appeal to the hotel customer," said Walter Staib, vice president of food and beverage, "but the hotel guest is just cream on the top."

American cuisine with the appropriate regional specialties will be the focus of restaurants at the Dunfey San Mateo near San Francisco, the Pavillion Tower Resort and Conference Center in Virginia Beach and the Netherland Plaza in Cincinnati.

Landmark restaurants which will be undergoing restorative work include Parker's at the Parker House in Boston, the Rib Room at the Royal Orleans in New Orleans and the Rosewood Room at The Northstar Hotel in Minneapolis.

"Restaurants have a certain life cycle," explains Staib, "and before that cycle ends you've got to work on the development of a new cycle."

At the San Mateo Dunfey the white tablecloth restaurant called Poppies will feature "California cuisine," according to Patrick Augustyn, corporate director of food standards. Augustyn characterizes "California cuisine" as local California ingredients used in innovative ways. He might, for instance, serve a dish of prawns and tenderloins of chicken with a puree of artichoke. Augustyn plans to procure lamb which have grazed in the Napa or Sonoma Valleys, locally raised produce and fresh vegetables such as avocados and artichokes.

The 120-seat restaurant, which will also focus on small, local wineries, will produce a check range of $20 to $40 a person without liquor. The wide price differences are meant to support a broad market base.

An already existing lobby cafe will be remerchandised to include the California touch. Wine by the glass, fresh vegetables and native cheeses will be available.

At the Netherland Plaza, where $23 million has been spent in restoration over the past year and a half, a complex called the Palm Court is being constructed for an October '83 opening.

*(Continued from page 57)*

**Artist's rendering of planned refurbishment of Palm Court Lounge at the Netherland Plaza.**

FINANCIAL NEWS

# Fatter margins boost Wendy's net profit

DUBLIN, Ohio—Aided by fatter margins at its company-owned stores, Wendy's International posted an 18% net profit gain to $14.2 million for the second quarter ended June 30 compared to the same time last year.

Year-to-year second-quarter revenue rose 14% to $174.8 million and systemwide sales advanced 12% to $469.1 million as the number of restaurants rose 9% to 2,534.

Six-month net profit jumped 21% to $24.3 million, revenue rose 13% to $328.4 million and systemwide sales increased 12% to $875.3 million.

The company attributed the gains to improved operations, lower beef prices and reduced couponing. In addition, it noted that company restaurant profit margins widened to 19.3% of sales in this year's second quarter compared to 18.3% in last year's.

Average sales per unit, however, remained relatively flat.

Systemwide unit sales advanced 2.7% in the second quarter to $188,000 and 2.6% for the six months to $354,000.

Franchised units rang up $189,000 in the second quarter, a 3.3% gain, and $355,000 in the six months, a 3.5% advance.

Company stores' unit sales advanced more slowly, up 2.2% to $186,000 for the quarter and less than 1% to $352,000 for the six months.

Wendy's operated 857 units at the end of the period, a 10% gain over the year before. Franchisees owned 1,677, an 8% gain.

At midyear Wendy's had 18 company stores under construction, compared to 16 last year. And franchisees were building 54, vs. 48 a year ago.

In addition, Wendy's spin-off concept, Sister's Chicken & Biscuits, numbered 34 units, compared to 17 last year.

## *Ryan's Steak Houses net $489,000 in second quarter*

GREENVILLE, S.C.—Ryan's Family Steak Houses posted net profits of $489,000 for the second quarter ended June 29, a 129% increase over the same quarter last year.

Second-quarter revenue rose 105% to $4.7 million.

The company owns 14 and franchises four Ryan's budget steakhouses. During the quarter, three new company-owned and two new franchised Ryan's opened.

By the end of the year, Ryan's projects 17 company and nine franchised stores will be operating.

Six-month net profits rose 128% to $928,000 as revenues climbed 102% to $8.6 million.

# Food-service chain stock analysis table

| Name | Symbol | STOCK PRICE: Two Weeks Ended Aug. 12 High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | TREND TO MARKET: Price Trend (% per day) Last 30 Days | Price Trend Last 5 Days | Volume Trend (% per day) Last 30 Days | Volume Trend Last 5 Days | EARNINGS/SHARE: Last Fiscal Year | Latest 12 Months vs Preceding 12 Months Change Amt. | Change Pct. | 5-Year Annual Growth Rate | Profit Margin | P/E: Latest P/E Ratio | DIVIDENDS: Indicated Dvd. Rate Amt. | Yield | Last X-Dvd. Date | FINANCIAL POSITION: Last Fiscal Year Revenue | Earnings | Current Ratio | Last Fiscal Year (Per Share) Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 6.50 | 6.00 | 6.13 | -.38 | -5.77 | 7.88 | 5.00 | .04 | -.10 | -2.12 | 6.55 | .05 | .21 S | NE | -25.0 | .3 | 36.0 | .00 | .0 | 01-06-81 | 37.1 | .1 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 33.75 | 32.13 | 32.75 | -1.63 | -4.73 | 38.50 | 16.38 | -.40 | -.07 | .91 | -30.00 | 2.10 | .40 N | 20.3 | 27.0 | 7.0 | 13.8 | .25 | .8 | 08-10-83 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 50.25 | 46.25 | 47.25 | -.50 | -1.05 | 55.00 | 26.50 | -.05 | -.66 | 4.65 | .86 | 3.43 | .52 N | 15.0 | -6.0 | 1.4 | 11.9 | 2.05 | 4.3 | 08-26-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 17.50 | 15.50 | 15.50 | -.50 | -3.13 | 18.50 | 3.41 | -.21 | -2.97 | -1.01 | 2.45 | .39 | .13 N | 30.9 | -10.0 | 2.2 | 28.2 | .12 | .8 | 07-05-83 | 78.6 | 1.7 | 1.6 | 4.40 | 5.05 | 0982 |
| Beefsteak Char | BCS | 6.88 | 6.50 | 6.75 | -.13 | -1.82 | 9.75 | 4.50 | -.27 | -.87 | -1.20 | .61 | .88 | .04 S | 5.7 | 34.0 | 3.7 | 9.2 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 32.75 | 31.50 | 32.00 | -.75 | -2.29 | 33.50 | 16.31 | .46 | -.46 | 1.71 | 8.77 | 1.11 | .09 Q | 8.4 | 14.0 | 6.9 | 27.8 | .30 | .9 | 08-08-83 | 187.5 | 13.0 | 3.0 | .00 | 6.92 | 0483 |
| Bonanza Intl Inc | BNZA | 6.75 | 6.63 | 6.75 | .00 | .00 | 6.88 | 1.63 | .63 | -.48 | -4.67 | -42.20 | .11 | 3.06 S | NE | -86.0 | 3.1 | 33.8 | .00 | .0 | 00-00-00 | 16.1 | .5 | 1.6 | 9.70 | 1.67 | 1282 |
| Brock Hotel Cp | BHC | 8.25 | 7.38 | 8.25 | .50 | 6.45 | 14.50 | 7.38 | -.54 | 1.15 | 1.11 | 35.41 | .39 | -.68 S | -97.1 | -33.0 | 2.0 | 412.5 | .10 | 1.2 | 06-13-83 | 259.8 | 5.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 15.00 | 14.25 | 14.50 | -.25 | -1.69 | 17.25 | 5.50 | -.12 | -.45 | -1.25 | -24.52 | .80 | .14 Q | 20.2 | 6.0 | 4.6 | 17.5 | .20 | 1.4 | 07-27-83 | 30.2 | 1.4 | .4 | 3.71 | 2.24 | 0283 |
| Captain Crabs | CRAB | 6.88 | 6.00 | 6.50 | .00 | .00 | 7.25 | 1.00 | .70 | 1.00 | -2.18 | 5.61 | .00 | .00 S | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Cp | CRL | 19.88 | 17.50 | 18.63 | -.38 | -1.97 | 19.88 | 3.34 | 1.25 | .51 | -4.22 | -40.14 | 1.00 | .56 F | 127.2 | 22.0 | 3.6 | 18.6 | .07 | .4 | 02-02-83 | 85.2 | 3.1 | .6 | 6.55 | 4.00 | 0582 |
| Chart House | CHHO | 35.00 | 32.88 | 33.75 | -1.25 | -3.57 | 37.75 | 17.63 | -.14 | .05 | -1.96 | -17.58 | 2.08 | .09 S | 4.3 | 13.0 | 4.9 | 15.6 | .60 | 1.8 | 06-24-83 | 382.0 | 18.7 | 1.0 | 9.21 | 13.12 | 1282 |
| Chi-Chis | CHIC | 35.50 | 32.38 | 35.00 | -.50 | -1.41 | 37.63 | 9.25 | .18 | .89 | -2.96 | -21.99 | .59 | .30 F | 103.4 | 26.0 | 9.4 | 59.3 | .00 | .0 | 12-20-82 | 94.2 | 8.9 | 3.0 | 2.18 | 2.26 | 0482 |
| Ch Full O Nut | CHF | 20.00 | 18.38 | 19.38 | -.25 | -1.27 | 24.38 | 12.50 | -.39 | -1.32 | -7.61 | -15.20 | .34 | .10 N | 25.0 | -8.0 | 1.4 | 38.8 | .50 | 2.6 | 07-15-83 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 29.63 | 27.75 | 29.00 | -.63 | -2.11 | 33.50 | 17.25 | .28 | .55 | .24 | 2.96 | 2.19 | -.06 S | -2.6 | 9.0 | 10.1 | 13.1 | .72 | 2.5 | 05-20-83 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 3.50 | 3.25 | 3.38 | -.13 | -3.57 | 4.00 | 3.00 | -.39 | .81 | -2.41 | -25.27 | .13 | .59 Q | NE | NE | 2.1 | 9.9 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 19.13 | 18.00 | 18.75 | .00 | .00 | 19.84 | 8.50 | .20 | -.60 | .78 | -47.86 | 1.47 | .35 F | 31.2 | 16.0 | 3.8 | 12.8 | .20 | 1.1 | 07-01-83 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Consul Corp | CNSL | 16.88 | 15.50 | 16.13 | -1.13 | -6.52 | 18.75 | 6.00 | -.20 | -.33 | -2.83 | 5.41 | .26 | .26 F | NC | 89.0 | 2.5 | 62.0 | .00 | .0 | 00-00-00 | 32.4 | .8 | .7 | 2.21 | 2.68 | 0582 |
| Cracker Barrel | CBRL | 24.00 | 23.25 | 23.50 | .00 | .00 | 27.34 | 6.16 | .03 | -.14 | .50 | .52 | .69 | .21 N | 31.8 | 20.0 | 3.7 | 27.0 | .13 | .6 | 07-01-83 | 35.4 | 1.3 | 1.9 | 3.57 | 4.46 | 0782 |
| Dennys Inc | DEN | 34.50 | 32.00 | 32.00 | -2.50 | -7.25 | 36.88 | 24.13 | .19 | -1.47 | -3.54 | 10.07 | 2.47 | .26 N | 11.1 | 9.0 | 3.9 | 12.4 | .64 | 2.0 | 06-06-83 | 955.7 | 36.8 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 23.25 | 21.50 | 22.00 | -1.88 | -7.85 | 28.75 | 10.84 | -.11 | .05 | -.57 | -23.83 | 1.40 | .21 S | 16.0 | 18.0 | 9.4 | 14.5 | .28 | 1.3 | 08-15-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 25.00 | 22.00 | 23.25 | -1.88 | -7.46 | 26.88 | 8.06 | .78 | -.14 | 5.30 | -40.45 | 1.92 | .12 F | 6.6 | 16.0 | 3.7 | 12.1 | .40 | 1.7 | 06-28-83 | 112.0 | 4.1 | 1.5 | 6.23 | 13.58 | 0582 |
| Godfathers Pizza | GFPZ | 19.75 | 17.75 | 18.38 | -2.00 | -9.82 | 25.50 | 9.88 | -.43 | -1.25 | 1.87 | -25.97 | .65 | -.01 S | -1.5 | 98.0 | 15.8 | 28.7 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Hambrg Hamlet | HAMB | 12.00 | 12.00 | 12.00 | .00 | .00 | 12.00 | 5.50 | .27 | -.47 | -1.39 | -87.50 | -1.10 | -2.45 F | -181.4 | -22.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | .88 | .88 | .88 | -.25 | -22.22 | 2.00 | .88 | -1.38 | -1.02 | -2.93 | .00 | -12.59 | -9.67 Q | NE | -94.0 | -89.4 | NE | .00 | .0 | 00-00-00 | 27.4 | -24.5 | .3 | 12.03 | -4.31 | 0982 |
| Hilton Hotels | HLT | 55.38 | 50.63 | 55.13 | 4.25 | 8.35 | 60.25 | 27.75 | -.21 | 1.46 | 3.52 | -14.18 | 3.04 | -.83 S | -22.0 | .0 | 14.4 | 19.8 | 1.80 | 3.3 | 08-29-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 52.75 | 50.00 | 52.38 | 1.88 | 3.71 | 59.00 | 25.25 | -.11 | .22 | .15 | -10.09 | 2.50 | .16 S | 5.8 | 9.0 | 6.8 | 18.1 | .84 | 1.6 | 06-13-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 26.75 | 21.63 | 23.88 | -2.63 | -9.91 | 32.34 | 9.41 | -.59 | 1.05 | 1.15 | -19.71 | .74 | .37 S | 62.7 | 38.0 | 2.8 | 24.9 | .00 | .0 | 07-12-83 | 235.4 | 6.6 | 1.1 | 9.46 | 4.77 | 1282 |
| Hungry Tiger | HTIG | 9.25 | 8.63 | 8.75 | -.25 | -2.78 | 12.25 | 5.34 | .03 | -1.13 | -2.72 | -34.09 | .78 | -.21 N | -25.9 | 5.0 | 3.8 | 14.6 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0682 |
| Imperial Grp | IMT | 1.75 | 1.69 | 1.69 | -.13 | -6.90 | 2.06 | 1.56 | -.15 | -1.03 | -12.11 | 42.31 | .47 | .00 F | .0 | 9.0 | 2.6 | 3.6 | .12 | 7.1 | 04-12-83 | 7742.8 | 198.3 | 1.1 | .54 | 1.92 | 1082 |
| Intl Dairy Queen | INDQ | 38.00 | 34.50 | 34.50 | -4.00 | -10.39 | 40.00 | 13.75 | .05 | -.46 | 3.71 | -42.42 | 2.17 | .68 S | 36.7 | 31.0 | 6.3 | 13.6 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 37.50 | 33.00 | 37.50 | 2.25 | 6.38 | 38.25 | 3.50 | .86 | 2.65 | -.81 | -6.49 | 1.54 | 1.21 F | 366.6 | 23.0 | 4.8 | 24.4 | .00 | .0 | 10-09-79 | 50.0 | 2.4 | .3 | 4.09 | 3.77 | 0682 |
| JBs Rest | JBBB | 16.38 | 15.88 | 15.88 | -.13 | -.78 | 18.13 | 5.75 | -.32 | -.76 | -1.64 | -37.23 | .93 | .21 N | 25.3 | 13.0 | 3.5 | 15.3 | .20 | 1.3 | 08-08-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 18.88 | 16.75 | 18.13 | -.88 | -4.61 | 23.50 | 12.69 | -.41 | .88 | -2.78 | -.84 | 1.33 | -.07 F | -5.0 | 20.0 | 4.6 | 13.6 | .12 | .7 | 05-09-83 | 454.1 | 21.0 | .9 | 2.91 | 8.99 | 0682 |
| Kapok Tr inns | KTI | 9.00 | 8.50 | 8.75 | -.25 | -2.78 | 10.75 | 3.00 | -.21 | -1.03 | 3.07 | 51.64 | -.37 | -.17 S | NE | -46.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 17.88 | 16.25 | 16.25 | -1.75 | -9.72 | 24.50 | 10.34 | .39 | -2.26 | -5.62 | -.26 | .40 | .02 F | 5.2 | 66.0 | 5.9 | 40.6 | .00 | .0 | 10-13-82 | 40.8 | 2.4 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 33.13 | 31.00 | 31.50 | -1.88 | -5.62 | 34.13 | 9.81 | .00 | .14 | -2.62 | -12.43 | 1.32 | .23 F | 21.1 | 14.0 | 4.0 | 23.9 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 1.9 | 5.15 | 6.67 | 0182 |
| Lubys Cafe | LUB | 32.25 | 31.25 | 32.00 | .00 | .00 | 33.25 | 21.50 | .19 | .01 | -3.65 | -27.66 | 1.35 | .18 N | 13.8 | 20.0 | 9.1 | 21.6 | .60 | 1.9 | 09-02-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0882 |
| Marcus Corp | MRCS | 13.00 | 12.75 | 12.75 | -1.00 | -7.27 | 15.13 | 6.75 | -.22 | -.47 | -1.11 | -27.45 | 1.28 | .15 F | 13.2 | 5.0 | 6.1 | 10.0 | .25 | 2.0 | 07-01-83 | 108.9 | 6.6 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 76.63 | 72.38 | 75.88 | 1.38 | 1.85 | 81.00 | 33.75 | .09 | .93 | .80 | 14.87 | 3.44 | .43 S | 13.0 | 23.0 | 3.7 | 20.4 | .36 | .5 | 09-19-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonalds Cp | MCD | 62.00 | 56.50 | 58.13 | -3.38 | -5.49 | 74.50 | 46.44 | -.32 | .01 | 3.61 | -9.30 | 5.00 | .63 S | 13.4 | 17.0 | 11.1 | 11.0 | 1.00 | 1.7 | 05-24-83 | 2715.2 | 300.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 19.75 | 18.50 | 18.50 | -.78 | -4.05 | 21.06 | 10.72 | -.20 | -.80 | -3.76 | .71 | 1.34 | .24 F | 21.8 | 9.0 | 4.4 | 13.8 | .40 | 2.2 | 08-01-83 | 421.5 | 18.7 | 1.4 | 2.81 | 7.52 | 0582 |
| Mr Steak | MSST | 9.50 | 8.50 | 9.13 | -.63 | -6.41 | 10.50 | 1.75 | .13 | 1.61 | 2.38 | 14.72 | -.98 | -.42 S | NE | -38.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 2.50 | 1.75 | 2.50 | .50 | 25.00 | 2.75 | .78 | -.59 | 9.06 | 2.21 | 51.10 | .09 | .06 F | 200.0 | NE | 1.1 | 27.8 | .00 | .0 | 09-09-82 | 17.5 | .2 | .8 | .05 | 1.88 | 0383 |
| Naugles Inc | NAUG | 30.50 | 24.00 | 24.00 | -6.00 | -20.00 | 32.75 | 10.13 | -.25 | -4.42 | 4.43 | -13.37 | .78 | .83 N | NC | 47.0 | 3.9 | 28.9 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 17.00 | 17.00 | 17.00 | .00 | .00 | 18.50 | 9.00 | .72 | -.49 | -.52 | 35.71 | .69 | -1.12 S | -82.9 | -29.0 | .4 | 73.9 | .32 | 1.9 | 06-09-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 6.13 | 5.50 | 5.88 | .25 | 4.44 | 7.88 | 4.38 | .00 | 1.02 | -1.50 | -16.11 | -.25 | -.41 N | -273.3 | -23.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 13.25 | 12.88 | 13.25 | .00 | .00 | 15.13 | 5.50 | -.21 | .11 | -5.09 | -42.06 | .28 | .09 F | 47.3 | 79.0 | 7.0 | 47.3 | .00 | .0 | 00-00-00 | 27.3 | 1.9 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 15.75 | 15.00 | 15.38 | -.50 | -3.15 | 18.13 | 14.00 | -.43 | .20 | -.58 | -33.03 | .39 | -.36 N | -25.0 | 9.0 | 5.9 | 14.2 | .60 | 3.9 | 06-09-83 | 142.6 | 8.4 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 16.38 | 14.00 | 14.38 | -1.50 | -9.45 | 17.50 | 4.09 | .31 | -1.66 | -.61 | 20.02 | .55 | .44 S | 97.7 | 8.0 | 1.3 | 16.2 | .04 | .3 | 07-12-83 | 135.1 | 1.7 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 15.50 | 13.50 | 13.75 | -.75 | -5.17 | 28.00 | 13.50 | -.50 | -3.11 | 4.89 | 57.92 | 1.27 | -.81 S | -75.7 | 31.0 | 7.6 | 52.9 | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 21.75 | 19.50 | 20.00 | -1.88 | -8.57 | 25.25 | 10.25 | -.22 | -.36 | -1.82 | -33.09 | 1.50 | .26 Q | 20.3 | -4.0 | 2.8 | 13.0 | .33 | 1.7 | 06-08-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 11.38 | 10.13 | 10.75 | -.13 | -1.15 | 11.88 | 4.25 | .15 | .48 | -.43 | 6.77 | -.73 | -.69 Q | NE | -44.0 | 3.6 | NE | .00 | .0 | 10-19-81 | 547.5 | 19.8 | .6 | 18.50 | 5.12 | 1282 |
| Restaur Assc | RA | 9.00 | 8.13 | 8.88 | .38 | 4.41 | 11.38 | 3.50 | -.26 | .73 | -3.00 | 32.10 | .77 | .06 S | 9.2 | 22.0 | 1.8 | 12.5 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 25.50 | 23.50 | 25.00 | -.50 | -1.96 | 28.25 | 3.09 | -.08 | .47 | -5.21 | 8.73 | .33 | .07 S | 21.8 | 67.0 | 10.6 | 64.1 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 37.88 | 31.75 | 34.13 | -2.63 | -7.14 | 40.25 | 12.63 | -.01 | .04 | -2.06 | -48.82 | 2.19 | .51 F | 30.3 | 40.0 | 2.3 | 15.6 | .36 | 1.1 | 06-02-83 | 978.8 | 22.4 | .9 | 4.26 | 8.86 | 0682 |
| Sandwich Chef | SHEF | 13.50 | 12.75 | 12.75 | -1.00 | -7.27 | 15.50 | 11.50 | -.07 | -.65 | -5.59 | 2.94 | .70 | .70 F | NC | 22.0 | 4.5 | 18.2 | .00 | .0 | 00-00-00 | 20.2 | .9 | .6 | .50 | 3.42 | 0682 |
| Sea Galley | SEAG | 13.00 | 11.75 | 13.00 | .13 | .97 | 15.00 | 5.50 | -.63 | 1.68 | -4.18 | 8.16 | .02 | -.91 Q | -135.8 | -33.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 16.75 | 16.25 | 16.50 | -.25 | -1.49 | 19.75 | 7.50 | -.15 | .00 | 1.07 | -30.37 | .74 | -.79 F | -51.6 | 42.0 | 1.5 | 22.3 | .00 | .0 | 07-09-82 | 138.1 | 2.1 | 1.1 | 65.81 | 6.21 | 1282 |
| Shoneys Inc | SHON | 24.25 | 21.50 | 23.25 | -1.50 | -6.06 | 27.38 | 12.75 | -.30 | 1.43 | -1.64 | 3.83 | .86 | .25 S | 34.7 | 19.0 | 5.1 | 24.0 | .15 | .6 | 07-05-83 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Skippers | SKIP | 14.50 | 12.50 | 13.50 | -1.25 | -8.47 | 15.50 | 3.16 | -.17 | 1.62 | .99 | -3.36 | .48 | .46 S | 135.2 | 16.0 | 2.6 | 16.9 | .08 | .6 | 03-31-83 | 38.1 | 1.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTZ | 16.00 | 16.00 | 16.00 | .00 | .00 | 16.50 | 11.00 | .17 | -.46 | -1.40 | 25.00 | .28 | -.14 S | -21.5 | -13.0 | .9 | 31.4 | .20 | 1.3 | 06-13-83 | 80.1 | .7 | 1.1 | 26.22 | 9.51 | 1282 |
| So Hospitality | SHOS | 6.00 | 5.00 | 5.50 | -.75 | -12.00 | 7.50 | 1.38 | .02 | 1.47 | 2.14 | -18.84 | .27 | .08 F | 42.1 | 33.0 | 3.8 | 20.4 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 8.50 | 8.38 | 8.38 | .00 | .00 | 9.25 | 2.63 | .10 | -.53 | -.47 | 34.77 | .18 | .15 N | 166.6 | 38.0 | 1.4 | 34.9 | .00 | .0 | 05-17-79 | 57.2 | .8 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 10.38 | 9.25 | 9.25 | -1.00 | -9.76 | 13.63 | 5.00 | -.61 | -2.75 | -3.32 | -9.33 | -2.39 | -2.74 F | -782.8 | -47.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 16.38 | 14.38 | 15.50 | -.88 | -5.34 | 19.63 | 10.34 | -.19 | .92 | -.10 | -18.55 | 1.13 | .15 S | 14.2 | 13.0 | 7.3 | 12.9 | .24 | 1.5 | 08-08-83 | 604.3 | 44.1 | .8 | 2.53 | 6.50 | 1282 |
| Webb Del E | WBB | 19.75 | 17.50 | 19.75 | .75 | 3.95 | 25.00 | 6.13 | -.79 | 1.56 | -1.88 | -9.63 | .16 | -.80 Q | -129.0 | -25.0 | .5 | NE | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 13.25 | 13.25 | 13.25 | .00 | .00 | 17.50 | 8.00 | -.03 | -.45 | .79 | 11.36 | .92 | -.08 Q | -7.5 | 3.0 | 3.1 | 13.5 | .12 | .9 | 06-03-83 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 16.00 | 14.13 | 14.50 | -1.75 | -10.77 | 17.13 | 6.94 | -.44 | -.48 | -.90 | -39.78 | .63 | .07 Q | 12.0 | 8.0 | 2.6 | 22.3 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

BEST A

# FINANCIAL NEWS

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Services | 3 mos.<br>9 mos. | 7/1 | | | $770.0<br>2.2 bil. | 12.0<br>10.0 | $14.300<br>43.000 | 70.0<br>23.0 |
| Associated Hosts | 3 mos.<br>9 mos. | 6/30 | | | 23.1<br>65.2 | 19.0<br>9.0 | 1.000<br>2.260 | 184.0<br>42.0 |
| Carrols Corp. | 3 mos.<br>12 mos. | 5/31 | | | 22.1<br>85.2 | * 24.0<br>23.0 | 0.627<br>3.100 | 476.0<br>123.0 |
| Family Entertainment | 3 mos. | 4/3 | $ 5.3 | 300.0 | | | 0.275 | — |
| Jerrico | 3 mos.<br>12 mos. | 6/30 | | | 118.6<br>454.0 | 5.8<br>6.3 | 6.355<br>21.200 | 4.9<br>(2.6) |
| Ramada Hotels | 3 mos.<br>6 mos. | 6/30 | | | 146.0<br>276.0 | 2.1<br>1.8 | (2.000)<br>(8.500) | —<br>— |
| Ryan's Family Steak Houses | 3 mos.<br>6 mos. | 6/29 | | | 4.7<br>8.6 | 105.0<br>102.0 | 0.489<br>0.928 | 129.0<br>128.0 |
| Sandwich Chef | 3 mos.<br>12 mos. | 7/2 | 5.7<br>20.2 | 18.0<br>19.0 | | | 0.259<br>0.857 | 2.0<br>9.0 |
| 1 Potato 2 Inc. | 4 mos. | 5/25 | | | 2.0 | 99.0 | (0.191) | — |
| Wendy's Int'l | 3 mos.<br>6 mos. | 6/30 | 469.1<br>875.3 | 12.0<br>12.0 | 174.8<br>328.4 | 14.0<br>13.0 | 14.200<br>24.300 | 18.0<br>21.0 |
| Winners Corp. | 3 mos.<br>6 mos. | 6/30 | 21.3<br>39.1 | (2.0)<br>(4.0) | | | 0.726<br>1.200 | 25.0<br>42.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# ARA net climbs 70% to $14M in third qtr.

PHILADELPHIA—ARA services has reported a 70% increase in net profit from $8.4 million to $14.3 million for the third quarter ended July 1st, compared to the same period last year.

For the first nine months of fiscal 1983, the company reported $43 million net profit, up 23% over last year's $34.9 million.

Revenues for the third quarter were up 12% to $770 million from last year's $686 million.

Revenues for the nine-month period increased slightly from $2 to $2.2 over last year's first nine months.

The increases in this quarter, according to ceo Joseph Neubauer, are a result of the "streamlined operations and . . . sales and marketing effort," the company put into place last year. At that time, ARA was reorganized according to market segment instead of geographic region.

The food and refreshment sector of the company reported "a significantly improved performance—16% ahead of last year."

ARA's transportation, health and family care, textile rental and maintenance and distribution segments all reported "encouraging results for the third quarter," according to Neubauer.

Neubauer says he expects the "accelerating operation margin improvements experienced across the board" to continue.

"We expect our fourth quarter performance to be considerably ahead of last year's," he said.

During the quarter, ARA's board approved a $100 million acquisition of the Solon Automated Services Inc., a supplier of laundry equipment for multi-family housing. The transaction is expected to be completed in early September.

## Winners Corp. profits up 25%; sales slip 2%

NASHVILLE—Winners Corp., which owns the Mrs. Winner's chicken and biscuits chain, posted a 25% net profit gain to $726,000 for the second quarter ended June 30, compared to the year-ago quarter.

Second-quarter sales slipped 2% to $21.3 million from the previous year's quarter, reflecting the disposition of the company's California Wendy's restaurants.

Six-month net profits jumped 42% to $1.2 million and sales slipped 4% to $39.1 million, compared to the first half of 1982.

At period's end, there were 89 Mrs. Winner's units, including 12 franchised stores, and 59 Wendy's.

# Carrols profits up 123% in fy '83

SYRACUSE, N.Y.—Carrols Corp., the country's second largest Burger King franchisee, said net income from continuing operations rose 123% to $3.1 million on revenues that increased 23% to $85.2 million for the year ended May 31, 1983.

For the fourth quarter, net profits from continuing operations was up 476% to $627,000. Revenues rose 24% to $22.1 million over the same quarter a year ago.

Carrols, formerly Carrols Development Corp., ended the fiscal year with 95 restaurants, up from 87 a year earlier. It also operates a food-service distribution division, and on June 1 acquired the 150-unit Jo-Ann's candy and nut shops chain.

Herbert N. Slotnick, Carrols' chairman, said earnings were spurred in part by major real growth in restaurant division sales. He cited BK's comparative ad campaign and Carrol's internal promotion of a breakfast program, now in place in 50 of the company's restaurants, as instrumental to that growth.

Since the end of the fiscal year, Carrols has opened or acquired an additional seven Burger Kings, giving it a total of 102 units in eight states. Among the newest units are Carrols' first four in the Cleveland market, where two more are scheduled to open by the end of September.

The food distribution division serves the company's own restaurants as well as 60 other Burger Kings and some institutional accounts.

Carrols recently completed divestiture of what was once a chain of movie theaters in the Northeast and of former Carrols burger units that were not converted to Burger Kings.

# 1 Potato 2 raises $5.5M with 1st public stock issue

NEW HOPE, Minn.—1 Potato 2 Inc., a chain of 41 baked-potato food-service stands in malls across the United States, has gone public, raising $5.5 million by issuing 500,000 shares of common stock.

The proceeds will be used to build new units and pay down about $1.1 million in bank loans borrowed at 2 points over prime to build stores.

The company, which was started in 1981 with two units, has run in the red since its founding.

In the first quarter ended May 25, a 16-week period, 1 Potato 2 posted a $190,886 net loss, compared to $268,846 net loss in the year-ago period. Revenue doubled year-to-year to $1.96 million.

The units are generally located in the food courts of malls, measure 450- to 1,000 sq. ft. and seat 45 to 65. The menu features baked potatoes with a variety of toppings including meat, cheese, sour cream and bacon bits, priced from $1.20 to $3.10.

Alan Kirchner, a 46-year-old bank president, bought the company in 1981. He overhauled the operations and menu and now plans to add 30 units to the chain this fiscal year.

He and other founding shareholders retain control of 56% of the company. The chain's operations chief is Gary Nelson, once an executive with Little King sandwich shops in Omaha, Neb.

The company figures there are about 1,400 malls in the nation which could support a 1 Potato 2 operation. They cost about $120,000 to construct and equip.

Potatoes are baked in convection ovens and kept hot at the counter. But after 20 minutes they are made into "Potato Munchies," a finger food.

Most 1 Potato 2 stores are located in California and Florida, but there are one or more in 17 other states.

The sites are leased, ranging from $10,000 to $45,000 per year plus a 6% to 10% surcharge when sales top $100,000 to $450,000 per year. Most of the equipment is leased also.

## Sandwich Chef earnings up 9%

BIRMINGHAM, Ala.—Earnings growth lagged behind sales gains at Sandwich Chef, which posted a 9% net profit gain to $857,354 for the year ended July 2 compared to fiscal 1982.

Sales jumped 19% to $20.2 million from the year before as the number of units advanced to 186 from 168. The chain operates deli-style lunch counters.

Fourth-quarter net profit gains slowed to a trickle—2% over last year at $259,071. Last-quarter sales, meanwhile, rose 18% to $5.7 million from 1982.

President Alan Kaufman blamed the laggard profit growth on recession in Houston and Denver where the company operates 75 units. He added that 28 to 33 new units are planned for this fiscal year.

# Ramada reduces losses; projects slight '83 profit

PHOENIX—Ramada Hotels Inc. reported a net loss of $2 million dollars for the second quarter ended June 30th. Last year Ramada reported a second-quarter loss of $6.5 million.

For the first months, Ramada had a net loss of $8.5 million, compared to a $12.6 million net loss for the same period in 1982.

Revenues for the second quarter were $146 million, up $3 million from last year's second-quarter figure of $143 million. Revenues for the first six months of the year were $276 million, up $5 million from $271 million in the same six-month period of 1982.

For the second quarter, the company experienced a $1.8 million loss on property sales compared to gains of $3 million in the same quarter of 1982. A 1982 tax provision of $3.4 million was recorded last year while this year the provision was $206,000.

Also, last year's first-half figures included $11 million gains from the sale of hotel properties, which mitigated the company's reported loss. The same period results for 1983, however, contain a $1 million loss on property sales.

Gaming income has doubled over last year. In 1982 the gaming group posted an income before interest of $4.6 million; this year the income is $8.6 million.

Ramada's hotel group recorded operating income of $10 million in the second quarter, off $2 million from the same period in 1982 (before gain or loss from property sales). For both the quarter and the six months compared to 1982, occupancy was down four points.

Ramada expects a modest profit for 1983, according to chairman and president Richard Snell. The figure is expected to be $10 million-$12 million, mostly from the sale of hotel properties during the year. The past summer season was below expectations, according to Snell.

Snell emphasized that casino revenues are building and much of the money will go toward the bottom line. Interest expenses are lower this year than last, says Snell.

## Associated Hosts scores 184% third quarter gain

BEVERLY HILLS, Calif.—Associated Hosts, with a boost from its ongoing conversion program to the Bombay Bicycle Club restaurant concept, has scored a 184% increase in net earnings to $1 million for the third quarter ended June 30, compared to the same period last year.

Quarterly revenues were up almost 19% to $23.1 million vs. the year-ago third quarter. Nine-month net earnings were up 42% vs. the comparable period last year to $2.26 million, while revenues rose 9% to $65.2 million.

Associated Hosts operates 79 restaurants and three hotels in 26 states. Chairman Joseph Bulasky said the expanding Bombay Bicycle Club chain was "at the heart of our sharp increases in revenues and income."

Starting with two BBC units when the current fiscal year began, AH converted 14 of its restaurants to the concept through the end of the third quarter. Its 17th unit opened in July in Columbus, Ga.

All but one of the conversions are of the company's Smuggler's Inn concept. AH still has 33 Smuggler's Inn units remaining, and plans to convert them to BBC's at the rate of five per quarter over the next six quarters. Operations vp Paul Sandbloom said customer counts have trippled in the converted units, while bar business has risen from about 38% to about 50%.

On an annualized basis, sales per unit are now on a $2-million-plus pace after the approximate 10-12 week per-unit shutdown for conversion. Average per-person checks from the BBC's menu of specialty sandwiches, burgers, finger foods, dinner entrees and weekend brunches are about $6.75 vs. about $10.50 in the Smuggler's Inns.

Nonconversion sites for ground-up construction of additional BBC units are currently being sought, according to AH president Paul Rothman.

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HEALTHCARE FEEDING

*A wide-open field for growth—Pages 61-67*

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# In-store feeders pressing for higher visibility

## *Store execs pushing promos, innovative merchandising*

**By Richard Martin**

LOS ANGELES—Department store food-service executives are on the warpath to merchandise aggressively their restaurants and gain wider market share in the store and with the customers. They're fighting "space wars" with corporate brass to gain greater visibility for their operations.

While battling the "hidden restaurant" syndrome and former "soda fountain" image, in-store feeders are seeking stronger commitments to improve their personnel and equipment, and are striving to have their operations judged for ROI by different criteria than those applied to general merchandise departments.

These struggles, plus scores of innovative merchandising techniques and new menu concepts, were shared among leading in-store restaurant executives at the 15th annual food-service conference of the National Retail Merchants Association, at the Biltmore Hotel here last month. The four-day seminar was the group's first outside of Chicago.

*One innovative idea that's boosting in-store efficiency, story on p. 3.*

Keynote speaker Stan Kyker, executive vice president of the California Restaurant Association, told the in-store feeders they must heed the growing interest in cooking at home—a trend many of the executives are already addressing successfully with gourmet take-out operations and upscale deli offerings.

As retail sales begin to rebound from the recession, operators are looking for new promotional devices to capture returning customers. Steve Paskin, regional coordinator for 30-unit Bamberger's of Newark, N.J., told of a business-card promo in four stores which has markedly boosted evening restaurant traffic.

The store responds with a letter to those who drop their business card, authorizing them to bring a party of four, one of whom eats for free. Incremental sales of as much as 250 dinners a week at $18.95 has been part of the response, Paskin said.

He also told how efforts in the company's Paramus, N.J., flagship store to develop a strong rapport with the store

*(Continued on page 124)*

*New president and ceo*

# Godfather's names Boppell

**By Donald Jeffrey**

OMAHA—Godfather's, shifting emphasis from franchising toward greater company ownership of its pizza restaurants, has hired the president of Taco Bell, Charles Boppell, to direct that move as the new president and chief executive officer.

*Profile of Boppell, story on p. 3.*

Boppell is taking the titles that were held by Godfather's founder William Theisen, but Theisen will remain chairman of the board and assume a new title: chief policy officer.

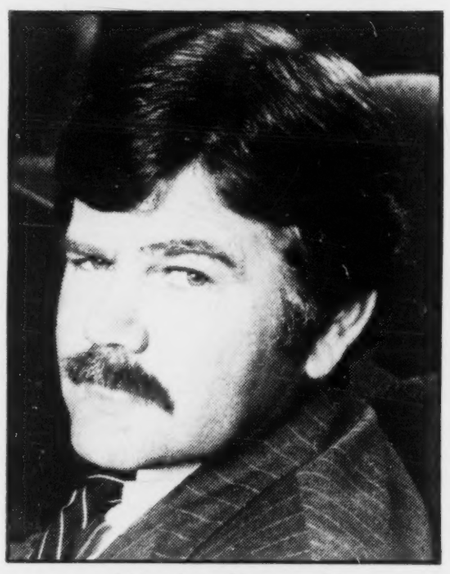
Boppell, 41, will be responsible for the day-to-day running of the company, while Theisen will concentrate on long-term company strategy.

"I'm going to remain very active as I have for many years," Theisen said in an interview.

At presstime Taco Bell and its parent corporation, PepsiCo, said they had not chosen a new chief executive for the 1,600-unit Mexican-style fast-food chain. Boppell had been president for two years after Robert McKay left and became a Taco Bell franchisee.

Godfather's search outside

*(Continued on page 124)*



Charles Boppell

## *Mayor Bradley to speak at MUFSO opening*

LOS ANGELES—Mayor Tom Bradley has agreed to address the opening session of *Nation's Restaurant News'* 24th annual Multi-Unit Food Service Operators (MUFSO) conference at the Century Plaza Hotel Monday morning, Oct. 10.

Bradley, who was narrowly defeated for California Governor last November, will give a welcoming talk to the conference.

Other political leaders appearing at MUFSO will include Sen. Paul Lexalt of Nevada, who will address the conference later Monday morning; Sen. Lawrence Pressler of South Dakota; Rep. Carroll Campbell of South Carolina, and Gov. Robert Kerrey of Nebraska. The latter three will speak Wednesday Oct. 12.

For further details on *NRN*'s "Quest for Quality" MU conference, please contact Ilene Stargot, *N News*, 425 Park Ave., New York, N.Y. 10

**This year's Pacific Coast Restaurant Show was held at the Los Angeles Convention Center. The 1984 show will move to San Francisco under the sole sponsorship of the CRA.**

## *CRA made permanent sponsor of Pacific Restaurant Show*

LOS ANGELES—A long-time split was apparently healed here with an agreement on the eve of the Pacific Coast Restaurant Show last month that the California Restaurant Association will sponsor the annual show each time.

The CRA purchased the rights to the biannual San Francisco portion of the show from the Golden Gate Restaurant Association. Thus the CRA will permanently sponsor the show, which will continue to alternate between Los Angeles (where it was held last month) and San Francisco (in 1984).

"We feel this will give the show more continuity from year to year without detracting from the major role of San Francisco," a CRA official said.

# *Outrage over tip reporting rules tops Pacific Coast Show agenda*

**By Charles Bernstein**

LOS ANGELES—Government regulation of tip reporting, alien employment, and wages and hours was decried here as excessive and confusing to restaurateurs.

"I don't know of any law that has caused more dissension in this industry than the tip reporting requirements," declared Whataburger president and NRA board member Jim Peterson in an address to the California Restaurant Association membership at the Pacific Coast Restaurant Show last month. "These tip reporting requirements are unfair to employer and employee alike. We object to the unjust procedures, but unfortunately we haven't been able to convince the IRS."

Peterson, a last-minute substitute for NRA 1983-84 president Joe Lee, General Mills restaurant group president who was unable to appear here, was applauded for his remarks as Culinary Union pickets marched outside the Convention Center protesting the regulations.

(Some of the pickets maintained that under the regulations they were being deprived of lawful wages earned. They appeared to misinterpret the regulations or to be confused about their meaning.)

"The IRS considers you guilty until proven innocent," Peterson asserted. He warned "a third party" can charge a restaurant with a tip reporting violation, and then you as the employer have to prove you are not guilty. This procedure pits citizen against citizen."

Echoing a theme sounded in May by Lee, Peterson emphasized citizens opposing the legislation "have been threatened by certain sources with reprisal legislation."

He said the NRA objects strenuously to the complex seven-step allocation formula needed to estimate tips. "The 8% allocation threshold could well go to 12%," he warned.

At the same time, Peterson related, Sen. Robert Dole (R-Kan.) had agreed in late April

*(Continued on page 124)*

## LATE NEWSBREAKS

**Amfac has agreed to sell its 1,200-acre Silverado Resort complex, located in the heart of northern California wine country, to real estate developer Robert E. Meyer, for an undisclosed amount. Amfac will continue to manage Silverado under contract.**

**Peoples Restaurants said it planned to sell 1.2 million shares of common stock at $12 per share. The bulk of the net proceeds are earmarked, the company said, for 1984 development of both restaurants and the company's Michaels specialty retail stores.**

**Ponderosa has reported a 30% increase in net profit to $4.7 million on a 2% gain in revenues to $95.9 million for the second quarter ended recently. For the first half Ponderosa profit was 34% over last year's at $7.6 million on a 5% gain in revenues to $191.2 million.**

FINANCIAL NEWS

# Nathan's reverses 3-year slump; net up 14% in 1st qtr.

NEW YORK—Nathan's Famous is pulling out of its three-year slump with an increase in net profit for the '83 fiscal year and a healthy first quarter for fiscal '84.

Nathan's net profit for the first quarter of fiscal 1984 ended June 26 rose 14% to $418,000. Net profit for the year ended March 27 increased 195% to $324,269, compared with the same period last year.

Revenue for the first quarter increased 9% from $4.8 million to $5.3 million and included revenue from the leasing of properties such as game room facilities, in addition to restaurant sales. Revenues for fiscal '83 increased 5% from $17.4 million to $18.2 million. For fiscal years '82 and '81 Nathan's had revenue decreases of 21% and 13%, respectively.

After three years of net losses, Nathan's began to turn around in 1982 when an annual profit of $109,000 was posted. This year a net profit of $324,000 for the year has moved the company securely into the black. The 1983 figure includes a $48,000 gain from the sale of leaseholds, in addition to increased restaurant revenue.

The performance gains are significant in that Nathan's is operating less than one half of the stores that were in operation in 1981. There were 25 stores in 1981, 13 in 1982 and 11 in 1983.

In addition to closing unprofitable stores, the company has decreased the cost of sales. Once 66% in 1981, cost of sales is now down to 61%.

Despite increases in minimum wage, cost of utility and paper products, Nathan's used tighter controls, limited menu mixes and selective price increases to accomplish cost of sales reductions. Corporate overhead was also reduced.

Nathan's long-term debt was reduced significantly back in '81 when Marriott purchased a number of sites which were unprofitable for the hotdog chain.

Part of the new revenue is due to three limited menu seasonal satellite operations located in lower Manhattan. Each of the operations is in a high-traffic outdoor park installation. From May to September these satellite stores sell hotdogs, the company's signature french fries, knishes, soft drinks and an apple turnover.

According to chairman and president Murray Handwerker, Nathan's will be expanding the satellite store operation and working on another concept: a limited-menu mall store serving hotdogs with toppings.

A two-month-old store in the King of Prussia Mall in King of Prussia, Pa., serves a basic hotdog for $1.05 and five toppings. Customer can choose from cheddar cheese, hot and spicy sauce, sauerkraut, bacon and cheese or mushroom toppings for their hotdogs. Prices range from 19¢ to 29¢ per topping.

The mall operation carries a limited menu, selling hotdogs, french fries, a fudge brownie dessert and drinks. Seating for customers is provided in a common court area.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Aug. 26 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | | | Indicated Dvd. Rate | | | Last Fiscal Year | | | Last Fiscal Year (Per Share) | | |
| Name | Symbol | High | Low | Close | Change Amt. | Change Pct. | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | Profit Margin | Latest P/E Ratio | Amt. | Yield | Last X-Dvd. Date | Revenue | Earnings | Current Ratio | Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 6.38 | 5.88 | 5.88 | -.25 | -4.08 | 7.88 | 5.00 | -.40 | -1.29 | -7.13 | 5.25 | .05 | .21 S | NE | -25.0 | .3 | 34.6 | .00 | .0 | 01-06-81 | 37.1 | .1 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 33.38 | 30.50 | 31.38 | -1.38 | -4.20 | 38.50 | 18.00 | -.41 | -1.23 | 1.62 | 25.38 | 2.10 | .40 N | 20.3 | 27.0 | 7.0 | 13.2 | .25 | .8 | 08-10-83 | 161.4 | 11.3 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 49.25 | 45.75 | 46.25 | -1.00 | -2.12 | 55.00 | 31.13 | -.02 | -.34 | 1.21 | 53.54 | 3.43 | .52 N | 15.0 | -6.0 | 1.4 | 11.6 | 2.05 | 4.4 | 08-26-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 17.00 | 15.50 | 16.75 | 1.25 | 8.06 | 18.50 | 3.59 | -.31 | .11 | 3.01 | -64.72 | .39 | .13 N | 30.9 | -10.0 | 2.2 | 30.5 | .12 | .7 | 07-05-83 | 78.6 | 1.7 | 1.6 | 4.40 | 5.05 | 0982 |
| Beefsteak Char | BCS | 7.13 | 6.50 | 6.75 | .00 | .00 | 9.75 | 4.50 | -.09 | .05 | -2.25 | -22.61 | .88 | .04 S | 5.7 | 34.0 | 3.7 | 9.2 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 31.50 | 27.75 | 28.50 | -3.50 | -10.94 | 33.50 | 17.63 | -.15 | -2.12 | 2.14 | 36.28 | 1.11 | .09 Q | 8.4 | 14.0 | 6.9 | 24.8 | .30 | 1.1 | 08-08-83 | 187.5 | 13.0 | 3.0 | .00 | 6.92 | 0483 |
| Bonanza Intl Inc | BNZA | 6.88 | 6.25 | 6.75 | .00 | .00 | 6.88 | 1.75 | .20 | .73 | -2.28 | .72 | -.11 | 3.06 S | NE | -86.0 | 3.1 | 33.8 | .00 | .0 | 00-00-00 | 16.1 | .5 | 1.6 | 9.70 | 1.67 | 1282 |
| Brock Hotel Cp | BHC | 8.50 | 6.88 | 7.00 | -1.25 | -15.15 | 14.50 | 6.88 | -.39 | -1.68 | .69 | 1.96 | .39 | -.68 S | -97.1 | -33.0 | 2.0 | 350.0 | .10 | 1.4 | 06-13-83 | 259.8 | 5.1 | 1.2 | 11.01 | 3.90 | 1281 |
| Calny Food | CLNY | 15.00 | 14.75 | 14.75 | .25 | 1.72 | 17.25 | 5.66 | -.01 | .08 | -10.88 | -31.83 | .80 | .14 Q | 20.2 | 6.0 | 4.6 | 17.8 | .20 | 1.4 | 07-27-83 | 30.2 | 1.4 | .4 | 3.71 | 2.24 | 0283 |
| Captain Crabs | CRAB | 7.13 | 6.00 | 7.00 | .50 | 7.69 | 7.25 | 1.00 | .38 | 1.24 | -5.10 | -32.78 | .00 | .00 N | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Cp | CRL | 19.50 | 17.00 | 18.00 | -.63 | -3.36 | 19.88 | 3.66 | .19 | -1.73 | -5.19 | 2.97 | 1.00 | .56 F | 127.2 | 22.0 | 3.6 | 18.0 | .07 | .4 | 02-02-83 | 85.2 | 3.1 | .6 | 6.55 | 4.00 | 0582 |
| Chart House | CHHO | 33.88 | 31.75 | 32.13 | -1.63 | -4.81 | 37.75 | 20.63 | -.31 | -.25 | .27 | 33.36 | 2.08 | .09 S | 4.3 | 13.0 | 4.9 | 14.8 | .60 | 1.9 | 06-24-83 | 382.0 | 18.7 | 1.0 | 9.21 | 13.12 | 1282 |
| Chi-Chis | CHIC | 35.50 | 33.63 | 33.75 | -1.25 | -3.57 | 37.63 | 11.94 | -.12 | .02 | -.85 | 32.04 | .59 | .30 F | 103.4 | 27.0 | 9.4 | 57.2 | .00 | .0 | 12-20-82 | 94.2 | 8.9 | 2.6 | 2.81 | 2.43 | 0483 |
| Ch Full O Nut | CHF | 21.00 | 18.50 | 19.38 | .00 | .00 | 24.38 | 12.50 | -.11 | -.73 | -1.40 | -18.84 | .34 | .10 N | 25.0 | -8.0 | 1.4 | 38.8 | .50 | 2.6 | 07-15-83 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 29.25 | 23.50 | 24.00 | -5.00 | -17.24 | 33.50 | 19.84 | -.70 | -.27 | -.12 | -37.94 | 2.19 | -.06 S | -2.6 | 9.0 | 10.1 | 10.8 | .72 | 3.0 | 05-20-83 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 4.00 | 3.50 | 3.50 | .13 | 3.70 | 4.00 | 3.00 | .23 | -1.76 | 4.00 | -43.19 | .13 | .46 S | NE | NE | 2.1 | 12.1 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 18.88 | 14.75 | 16.00 | -2.75 | -14.67 | 19.84 | 10.44 | -.49 | -.10 | 2.68 | 16.23 | 1.47 | .35 F | 31.2 | 16.0 | 3.8 | 10.9 | .20 | 1.3 | 07-01-83 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Consul Corp | CNSL | 17.00 | 16.25 | 16.75 | .63 | 3.88 | 18.75 | 6.88 | -.03 | .41 | -1.38 | -12.86 | .26 | .26 F | NC | 89.0 | 2.5 | 64.4 | .00 | .0 | 00-00-00 | 32.4 | .8 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 23.50 | 21.25 | 21.25 | -2.25 | -9.57 | 27.34 | 6.34 | -.18 | -.20 | -.86 | -7.68 | .69 | .21 N | 31.8 | 20.0 | 3.7 | 24.4 | .13 | .6 | 07-01-83 | 35.4 | 1.3 | 1.9 | 3.57 | 4.46 | 0782 |
| Dennys Inc | DEN | 33.00 | 29.25 | 31.00 | -1.00 | -3.13 | 36.88 | 26.38 | -.34 | -.33 | -3.41 | 23.65 | 2.54 | .14 F | 5.8 | 8.0 | 3.8 | 12.2 | .72 | 2.3 | 09-02-83 | 1054.6 | 40.2 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 22.13 | 21.25 | 21.38 | -.63 | -2.84 | 28.75 | 12.34 | -.56 | .20 | 3.56 | -13.44 | 1.40 | .22 N | 16.2 | 18.0 | 9.4 | 13.6 | .28 | 1.3 | 08-15-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 24.25 | 23.13 | 24.25 | 1.00 | 4.30 | 26.88 | 8.66 | .11 | .54 | -2.92 | -30.77 | 1.92 | .12 F | 6.6 | 16.0 | 3.7 | 12.6 | .40 | 1.6 | 06-28-83 | 110.6 | 4.1 | 1.3 | 5.95 | 15.14 | 0583 |
| Godfathers Pizza | GFPZ | 18.50 | 17.63 | 17.63 | -.75 | -4.08 | 25.50 | 11.50 | -.73 | -.84 | .77 | 9.41 | .65 | -.01 S | -1.5 | 98.0 | 15.8 | 27.5 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Hambrg Hamlet | HAMB | 12.00 | 12.00 | 12.00 | .00 | .00 | 12.00 | 5.50 | .12 | .41 | -3.20 | .00 | -1.10 | -2.45 F | -181.4 | -22.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | .88 | .75 | .75 | -.13 | -14.29 | 2.00 | .75 | -1.59 | .00 | -8.92 | .00 | -12.59 | -9.67 Q | NE | -94.0 | -89.4 | NE | .00 | .0 | 00-00-00 | 27.4 | -24.5 | .3 | 12.03 | -4.31 | 0982 |
| Hilton Hotels | HLT | 57.00 | 52.13 | 52.50 | -2.63 | -4.76 | 60.25 | 34.88 | .22 | -.73 | .39 | -21.80 | 3.04 | -.83 S | -22.0 | .0 | 14.4 | 17.9 | 1.80 | 3.4 | 08-29-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 53.75 | 48.13 | 48.75 | -3.63 | -6.92 | 59.00 | 29.88 | -.10 | -1.53 | -.65 | -20.19 | 2.50 | .16 S | 5.8 | 9.0 | 6.8 | 16.9 | .84 | 1.7 | 06-13-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 25.13 | 22.00 | 24.13 | .25 | 1.05 | 32.34 | 10.28 | -.50 | -.19 | .99 | -13.06 | .74 | .37 S | 62.7 | 38.0 | 2.8 | 25.1 | .00 | .0 | 07-12-83 | 235.4 | 6.6 | 1.1 | 9.46 | 4.77 | 1282 |
| Hungry Tiger | HTIG | 9.25 | 8.75 | 9.25 | .50 | 5.71 | 12.25 | 5.34 | .03 | .47 | -.90 | -14.36 | .78 | -.21 N | -25.9 | 5.0 | 3.8 | 15.4 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0682 |
| Imperial Grp | IMT | 1.88 | 1.69 | 1.75 | .06 | 3.70 | 2.06 | 1.56 | .03 | -1.20 | -.12 | 2.56 | .47 | .00 F | .0 | 9.0 | 2.6 | 3.7 | .12 | 6.9 | 04-12-83 | 7742.8 | 198.3 | 1.1 | .54 | 1.92 | 1082 |
| Intl Dairy Queen | INDQ | 34.50 | 34.00 | 34.00 | -.50 | -1.45 | 40.00 | 14.50 | -.33 | .38 | -.54 | 40.00 | 2.17 | .68 S | 36.7 | 31.0 | 6.3 | 13.4 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 22.25 | 18.50 | 19.25 | -3.25 | -14.44 | 22.94 | 2.69 | -.39 | .15 | -.92 | -44.55 | .92 | .72 F | 360.0 | 23.0 | 4.8 | 20.9 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .3 | 2.46 | 2.26 | 0682 |
| JBs Rest | JBBB | 16.25 | 15.88 | 16.25 | .38 | 2.36 | 18.13 | 6.00 | .01 | .46 | -5.23 | 35.89 | .93 | .21 N | 25.3 | 13.0 | 3.5 | 15.6 | .20 | 1.2 | 08-08-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 18.13 | 17.13 | 17.50 | -.63 | -3.45 | 23.50 | 16.75 | -.48 | .62 | .34 | 11.94 | 1.33 | -.07 F | -5.0 | 20.0 | 4.6 | 13.2 | .12 | .7 | 05-09-83 | 454.1 | 21.0 | .9 | 2.91 | 8.99 | 0682 |
| Kapok Tr Inns | KTI | 8.75 | 7.88 | 8.50 | -.25 | -2.86 | 10.75 | 3.00 | -.20 | .11 | 1.29 | 4.35 | -.37 | -.54 N | NE | -48.0 | -6.1 | NE | .00 | .0 | 00-00-90 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 17.50 | 16.00 | 16.88 | .63 | 3.85 | 24.50 | 12.13 | -.20 | -.54 | -.92 | -27.49 | .40 | .09 Q | 27.2 | 56.0 | 5.9 | 40.2 | .00 | .0 | 10-13-82 | 40.8 | 2.4 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 32.25 | 30.50 | 32.00 | .50 | 1.59 | 34.13 | 11.91 | -.17 | .95 | -3.78 | -2.22 | 1.32 | .29 Q | 24.5 | 19.0 | 4.0 | 21.8 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Lubys Cafe | LUB | 35.00 | 31.75 | 33.00 | 1.00 | 3.13 | 35.00 | 21.50 | .29 | -.79 | -4.16 | -17.21 | 1.35 | .18 N | 13.8 | 20.0 | 9.1 | 22.3 | .60 | 1.8 | 09-02-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0682 |
| Marcus Corp | MRCS | 12.88 | 12.63 | 12.75 | .00 | .00 | 15.13 | 6.75 | -.23 | .22 | -.15 | -17.72 | 1.28 | .15 F | 13.2 | 5.0 | 6.1 | 10.0 | .25 | 2.0 | 07-01-83 | 108.9 | 6.6 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 77.50 | 73.75 | 74.75 | -1.13 | -1.48 | 81.00 | 41.00 | .05 | -.07 | 2.28 | -11.24 | 3.44 | .43 S | 13.0 | 23.0 | 3.7 | 20.1 | .36 | .5 | 09-19-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonalds Cp | MCD | 59.00 | 55.75 | 58.38 | .25 | .43 | 74.50 | 51.84 | -.38 | .71 | 2.19 | 13.24 | 5.00 | .63 S | 13.4 | 17.0 | 11.1 | 11.0 | 1.00 | 1.7 | 05-24-83 | 2715.2 | 300.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 19.38 | 17.88 | 18.00 | -.50 | -2.70 | 21.06 | 11.31 | -.28 | -.62 | -1.44 | -10.99 | 1.34 | .24 F | 21.8 | 9.0 | 4.4 | 13.4 | .40 | 2.2 | 08-01-83 | 421.5 | 18.7 | 1.4 | 2.81 | 7.52 | 0582 |
| Mr Steak | MSST | 9.13 | 8.50 | 8.50 | -.63 | -6.85 | 10.50 | 1.75 | -.50 | .11 | .14 | 19.88 | -.98 | -.17 N | NE | -36.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 2.38 | 2.00 | 2.00 | -.50 | -20.00 | 2.75 | 1.00 | -.03 | -1.36 | -1.35 | -24.59 | .09 | .06 F | 200.0 | NE | 1.1 | 22.2 | .00 | .0 | 09-09-82 | 17.5 | .2 | .8 | .05 | 1.88 | 0383 |
| Naugles Inc | NAUG | 24.25 | 19.75 | 19.75 | -4.25 | -17.71 | 32.75 | 10.31 | -1.37 | -4.64 | 3.19 | 50.24 | .78 | .83 N | NC | 47.0 | 3.9 | 23.8 | .00 | .0 | 11-01-82 | 55.8 | 2.2 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 17.00 | 17.00 | 17.00 | .00 | .00 | 18.50 | 10.00 | .28 | .40 | -5.84 | .00 | .69 | -.81 N | -90.0 | -38.0 | .4 | 188.9 | .32 | 1.9 | 06-09-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 5.88 | 5.50 | 5.50 | -.38 | -6.38 | 7.88 | 4.38 | .01 | -.55 | -1.09 | 7.14 | -.25 | -.41 N | -273.3 | -23.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 13.38 | 12.25 | 12.25 | -1.00 | -7.55 | 15.13 | 5.75 | -.13 | -1.22 | 1.66 | 69.21 | .28 | .09 F | 47.3 | 79.0 | 7.0 | 43.8 | .00 | .0 | 00-00-00 | 27.3 | 1.9 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 15.63 | 13.13 | 13.38 | -2.00 | -13.01 | 18.13 | 13.13 | -.57 | -1.96 | 5.17 | 21.05 | .99 | -.40 F | -28.7 | 7.0 | 3.9 | 13.5 | .60 | 4.5 | 09-09-83 | 152.7 | 6.0 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 15.13 | 13.75 | 14.00 | -.38 | -2.61 | 17.50 | 4.22 | -.37 | -.77 | -1.36 | 16.51 | .55 | .44 S | 97.7 | 8.0 | 1.3 | 15.7 | .04 | .3 | 07-12-83 | 135.1 | 1.7 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 14.00 | 12.00 | 13.50 | -.25 | -1.82 | 28.00 | 12.00 | -.76 | 2.07 | 2.79 | -5.23 | 1.27 | -.81 S | -75.7 | 31.0 | 7.6 | 51.9 | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 20.00 | 16.00 | 16.88 | -3.13 | -15.63 | 25.25 | 12.34 | -.99 | -1.89 | -.93 | 3.83 | 1.50 | .26 Q | 20.3 | -4.0 | 2.8 | 11.0 | .33 | 2.0 | 06-08-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 10.88 | 9.75 | 10.25 | -.50 | -4.65 | 11.88 | 4.25 | -.13 | .31 | -.18 | 30.45 | -.73 | -.69 Q | NE | -44.0 | 3.6 | NE | .00 | .0 | 10-19-81 | 547.5 | 19.8 | .6 | 18.50 | 5.12 | 1282 |
| Restaur Assc | RA | 9.50 | 8.50 | 8.50 | -.38 | -4.23 | 11.38 | 3.75 | -.03 | -1.57 | 4.28 | 1.60 | .77 | .06 S | 9.2 | 22.0 | 1.8 | 12.0 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 26.00 | 23.75 | 23.75 | -1.25 | -5.00 | 28.25 | 3.25 | .00 | -1.40 | -1.41 | 27.62 | .33 | .07 S | 21.8 | 67.0 | 10.6 | 60.9 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 36.88 | 34.25 | 34.50 | .38 | 1.10 | 40.25 | 14.25 | -.24 | -.80 | -1.95 | -41.29 | 2.19 | .51 F | 30.3 | 40.0 | 2.3 | 15.8 | .36 | 1.0 | 06-02-83 | 978.8 | 22.4 | .9 | 4.26 | 8.86 | 0682 |
| Sandwich Chef | SHEF | 12.50 | 11.75 | 11.75 | -1.00 | -7.84 | 15.50 | 11.50 | -.25 | -1.43 | 9.29 | 68.33 | .70 | .70 F | NC | 22.0 | 4.5 | 16.8 | .00 | .0 | 00-00-00 | 20.2 | .9 | .6 | .50 | 3.42 | 0682 |
| Sea Galley | SEAG | 13.75 | 12.88 | 13.38 | .38 | 2.88 | 15.00 | 5.50 | -.07 | -.16 | 1.37 | 3.62 | .02 | -.91 Q | -135.8 | -33.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 18.00 | 16.50 | 17.75 | 1.25 | 7.58 | 19.75 | 8.25 | .10 | 1.10 | .22 | -9.73 | .74 | -.43 S | -40.9 | 3.0 | 1.5 | 28.6 | .00 | .0 | 07-09-82 | 138.1 | 2.1 | 1.1 | 65.81 | 6.21 | 1282 |
| Shoneys Inc | SHON | 23.38 | 22.25 | 23.38 | .13 | .54 | 27.38 | 13.88 | -.33 | 1.15 | 1.05 | 57.58 | .86 | .25 S | 34.7 | 19.0 | 5.1 | 24.1 | .15 | .6 | 07-05-83 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Sizzler Rest | SIZZ | 12.25 | 11.00 | 11.50 | -.50 | -4.17 | 16.25 | 8.50 | -.91 | 1.35 | -1.62 | -2.45 | .59 | .96 S | NC | 5.0 | 2.5 | 12.0 | .00 | .0 | 00-00-00 | 113.7 | 2.8 | 1.0 | 2.33 | 4.63 | 0482 |
| Skippers | SKIP | 13.50 | 12.25 | 12.50 | -1.00 | -7.41 | 15.50 | 4.00 | -.59 | .02 | .48 | -60.39 | .48 | .46 S | 135.2 | 16.0 | 2.6 | 15.6 | .08 | .6 | 03-31-83 | 38.1 | 1.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTZ | 16.00 | 15.00 | 15.00 | -1.00 | -6.25 | 16.50 | 12.50 | .01 | -1.55 | 6.07 | 23.91 | .28 | -.14 S | -21.5 | -13.0 | .9 | 29.4 | .20 | 1.3 | 06-13-83 | 80.1 | .7 | 1.1 | 26.22 | 9.51 | 1282 |
| So Hospitality | SHOS | 5.75 | 5.00 | 5.25 | -.25 | -4.55 | 7.50 | 1.38 | -.75 | 1.81 | 13.95 | 26.39 | .27 | .08 F | 42.1 | 33.0 | 3.8 | 19.4 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 8.50 | 8.13 | 8.25 | -.13 | -1.49 | 9.25 | 2.63 | -.31 | .56 | -3.95 | -18.66 | .18 | .15 N | 166.6 | 38.0 | 1.4 | 34.4 | .00 | .0 | 05-17-79 | 57.2 | .8 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 9.25 | 8.63 | 8.63 | -.63 | -6.76 | 13.63 | 5.00 | -.96 | -.32 | -5.31 | 38.40 | -2.39 | -2.76 Q | -725.0 | NE | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 16.13 | 14.63 | 15.13 | -.38 | -2.42 | 19.63 | 11.69 | -.29 | -.08 | -1.98 | 23.63 | 1.13 | .15 S | 14.2 | 13.0 | 7.3 | 12.6 | .24 | 1.6 | 08-08-83 | 604.3 | 44.1 | .8 | 2.53 | 6.50 | 1282 |
| Webb Del E | WBB | 19.63 | 15.88 | 17.00 | -2.75 | -13.92 | 25.00 | 6.38 | -.61 | -1.33 | -3.44 | 23.90 | .16 | -.80 Q | -129.0 | -25.0 | .5 | NE | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 13.25 | 13.25 | 13.25 | .00 | .00 | 17.50 | 8.00 | .07 | .40 | 2.00 | -68.23 | .92 | -.08 Q | -7.5 | 3.0 | 3.1 | 13.5 | .12 | .9 | 06-03-83 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 14.50 | 14.00 | 14.00 | -.50 | -3.45 | 17.13 | 7.69 | -.66 | .26 | -2.99 | -18.89 | .63 | .07 Q | 12.0 | 8.0 | 2.6 | 21.5 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

# FINANCIAL NEWS

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Brock Hotel Corp. | 3 mos.<br>6 mos. | 7/1 | | | $ 81.0<br>161.0 | 28.0<br>34.0 | $(0.330)<br>(0.261) | —<br>— |
| Chart House | 3 mos.<br>6 mos. | 6/30 | | | 105.0<br>200.0 | 7.0<br>9.0 | 6.600<br>9.500 | 33.0<br>29.0 |
| Bob Evans Farms Rest. div. | 3 mos. | 7/29 | | | | | 2.500 | 13.0 |
| Family Entertainment | 3 mos. | 4/3 | $ 5.3 | 300.0 | | | 0.275 | — |
| Garcia's of Scottsdale | 3 mos. | 7/17 | 19.0 | 109.0 | | | (0.263) | — |
| Kelly-Johnston Ent. | 3 mos. | 6/30 | | | 8.3 | 54.0 | 0.729 | 46.0 |
| Nathan's Famous | 12 mos.<br>3 mos. | 3/27<br>6/26 | | | 18.2<br>5.3 | 5.0<br>9.0 | 0.324<br>0.418 | 195.0<br>14.0 |
| Pancho's Mexican Buffet | 3 mos.<br>9 mos. | 6/30 | | | 6.4<br>18.0 | 1.5<br>2.1 | 0.331<br>0.724 | 118.0<br>65.7 |
| People's Restaurants | 3 mos.<br>12 mos. | 6/26 | 9.3<br>27.3 | 194.0<br>368.0 | | | 0.824<br>1.800 | 276.0<br>132.0 |
| Restaurant Associates | 3 mos.<br>6 mos. | 7/2 | 30.2<br>57.8 | 23.0<br>14.0 | | | 0.610<br>0.692 | 23.0<br>(20.0) |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Chart House net up 33% in 1st qtr.

LAFAYETTE, La.—Chart House, the diversified restaurant company which operates and franchises dinnerhouses and fast-food concepts, reported net profit rose 33% to $6.6 million on a 7% increase in revenue to $105 million for the second quarter ended June 30.

For the first six months profit was up 29% to $9.5 million and revenue up 9% to almost $200 million.

Donald N. Smith, new president and chief executive officer of Chart House, attributed the performance to strengthened cost control efforts and a reversal of weak sales and earnings in the company's steak restaurants and its Mexican-style dinnerhouses.

He singled out Burger King as a growing contributor to the company's top line. Chart House, the franchisor of 373 Burger Kings, has benefited significantly from the Burger King corporation's marketing efforts of the last nine months, according to Chart House executives.

Smith did not specify the contributions of its small-but-growing Luther's Bar-B-Que to the Chart House financial picture. The operation has doubled in size to 13 units over the last year.

On the top line, the Luther's division looks healthy, posting average annual unit sales of $1.5 million on an average check of $4.15. But the costs of developing a new system may defer any significant Luther's contribution to the company's bottom line for at least another year.

# *Brock net profit off $330,000*

DALLAS—Brock Hotel Corp. reported a net loss of $330,000 for the second quarter ended July 1, compared to a $2.4 million net profit for the same period last year.

For the first six months of 1983, the company had a $261,000 net loss, compared to 1982's $4.6 million net profit for the same period.

Revenues for the second quarter were $81 million, up 28% from last year's $63 million figure. Revenues for the first six months were $161 million, up 34% from $120 million.

Included in both second quarter and first six months results is an $800,000 credit based on an insurance plan adjustment and equity from franchisee's animated entertainment fund. The figures also include $550,000 from termination of capital leases.

ShowBiz Pizza aside, the company's second quarter was characterized by a strong performance from the 56 franchised Holiday Inns, according to ceo Bob Brock. "Revenues, occupancies and average rates were up over last year," he said.

The two Park Suite Hotels in operation (Nashville and Oklahoma City) are said to be showing improvements, while the eight Brock Residence Inns are still "in an active stage of development."

As for ShowBiz Pizza Place, average unit sales are holding at about $1.2 million per year.

As a result of a segment shakeout, which has produced store closings among major chains, Brock is counting on reduced competition to help boost business. "Proper financing" said Brock, "should allow stores to reach satisfactory sales levels."

Plans also call for a restructuring of new store financing through joint ventures and management contracts.

# Kelly-Johnston profit up; Duff's deal closed

OKLAHOMA CITY—Kelly-Johnston Enterprises has reported first-quarter financial results and closed the deal for Duff's, an Ohio-based cafeteria chain.

Kelly-Johnston said it paid $5 million in cash and $15 million in common stock for Duff's Enterprises of Fairfield, Ohio. The company franchises 133 and owns 24 smorgasbord cafeterias.

Kelly-Johnston, which operates 23 Chi-Chi's Mexican dinnerhouses, posted a 46% year-to-year net profit gain to $729,000 for the first quarter ended June 30.

The acquisition was consummated after the end of the first quarter.

First-quarter revenues rose 54% to $8.3 million, compared to the year-ago period.

If Duff's had been acquired at the beginning of Kelly-Johnston's last fiscal year, its earnings would have been 30% higher, the company said.

# Imasco Ltd. reports 13% net profit gain

MONTREAL—Imasco Ltd. reported its Hardee's fast-food chain posted a 13% net profit gain to $25.6 million (Canadian) for the first quarter ended June 30 compared to last year's first quarter.

Revenues in the restaurant division, which includes Burger Chef, a manufacturing and distribution subsidiary, and contract feeding operations, rose 10% over the prior-year quarter to $271 million.

Imasco Ltd.'s United States restaurant subsidiary is organized as a holding company called Imasco USA and is based in Rocky Mount, N.C.

The conglomerate as a whole, which also operates a chain of drug stores and makes tobacco products in Canada, posted a 23% net profit gain to $44 million, an operating profit advance of 9% to $80.7 million and a 5% revenue increase to $704.7 million year-to-year for the quarter.

# Pizza Time franchisee posts net gain

ROCKVILLE, Md.—Family Entertainment Centers, a franchisee of Chuck E. Cheese's Pizza Time Theater, reported that it made a profit of $274,874 during the first quarter ended April 3. During last year's first quarter it lost $50,992.

Total sales from food, beverage, merchandise, and games were $5.3 million, compared with sales of $1.49 million during the first quarter last year, an increase of more than 300%.

The rapid rise in sales was due to the opening of new stores. At quarter's end the franchisee had 16 units. Another seven or eight are expected to be open before the end of the year.

The company said its average weekly sales per store were $30,000.

Contributing to profitability were decreases in some expenses. Labor costs as a percentage of sales declined to 24.2% from 25.7% during the first quarter last year and 26.7% for all of last year. General and administrative expenses were 9.4% of sales for the quarter; during the comparable period last year they were 15.6%.

Family Entertainment Centers also realized some profit from the sale of its two California stores to the parent company, Pizza Time Theater, for $2.7 million in cash and notes.

The franchisee has acquired the rights to develop at least eight new stores.

At the company's annual meeting in May, two new directors and three company officers were named. The directors were: Trude Taylor, chairman of an electronics company, and Roger Kuppinger, an investment banker. The officers were: Dennis H. O'Brien, vice president and controller; Michael J. T. Hess, vice president, marketing and corporate planning, and James E. Parrish, vice president, construction.

# RA rebounds in 2nd qtr.

NEW YORK—Restaurant Associates reported net profit rose 23% to $610,000 for the second quarter ended July 2, while sales jumped 18% to $30.2 million, compared with the same period the previous year.

But this performance did not offset a weak first quarter for the diversified restaurant company. Net profit for the first half was down more than 20% to $692,000, compared to the same period of 1982, while sales increased 14% to $57.8 million.

Max Pine, president, attributed the first-half decline to several factors, including heavy rainfall in the Northeast, new unit startup costs and a national decline in the consumption of cigarettes.

# Pancho's profit rises 118% in 3rd qtr.

FORT WORTH—Pancho's Mexican Buffet reported that net profits for the third quarter, ended June 30, increased 118% over the same quarter last year, to $330,517.

Revenues for the quarter, however, were up only 1.5% to $6.4 million.

For the first nine months of this fiscal year, net profits increased 65.7% to $724,311, compared to the same period last year. Revenues for nine months were up 2.1% to $17,992,512.

The company said that unit volumes in its full-service, high-ticket restaurants—Spanish Galleon Seafood Restaurants and Emiliano's Restaurante y Cantina—had not benefitted yet from the economic recovery.

But president and chief executive officer Hollis Taylor said: "The performance of our moderate-price Pancho's units is most gratifying."

The original Pancho's, in Richland Hills, Tex., was damaged by fire during the third quarter.

# People's net profit jumps 132%

RICHARDSON, Tex.—People's Restaurants, the operator and franchisor of 47 dinnerhouses, reported a net profit of $1.8 million for the year ended June 26, an increase of 132% over the previous year.

Sales increased 368% to $27.3 million over the fiscal year.

The performance reflects that of the fourth quarter, when People's profits increased by 276% to $824,000 and sales grew 194% to $9.3 million compared with the same period of the previous year.

READ CLASSIFIEDS

# *Garcia's suffers six-month loss*

SCOTTSDALE, Ariz.—Garcia's of Scottsdale, the operator and franchisor of 23 Mexican-style dinnerhouses, reported its second consecutive quarterly loss for the second quarter ended July 17.

The company lost $263,000 during the quarter, compared with earnings of $258,000 during the same period of the previous year.

Sales grew 109% to $19 million for the quarter, a reflection of Garcia's growth in units over the last year.

Dennis Mullen, president and chief operating officer, attributed the second-quarter loss to two factors: a one-time tax benefit which unrealistically inflated the results of the previous year's second quarter and low customer counts at the restaurants.

To attract more customers, Mullen said, the company increased the percentage of revenues spent on marketing from 3.4%, or $340,000 during last year's second quarter, to 6.4%, or $581,000 for this year.

He reported a sales increase of about 38% in four markets—Denver, Las Vegas, Des Moines and Albuquerque—where a new television ad campaign was aired during the quarter.

Garcia's previous year ended on a sour note, when the young company suffered a loss of $838,000.

NRN FOCUS

HEALTHCARE FEEDING

# A WIDE-OPEN FIELD FOR GROWTH

**By Rurick Telberg**

Long spurned for its slim margins and red tape-snarled payments, the health care industry is now one of the most lusted-after food-service markets.

"Health care has changed from a mature industry to what we think will be a high-growth one," says Lawrence Bittinger, marketing vice president at Service Systems Corp. "It's a whole new ballgame."

The reason: New Federal hospital cost-containment legislation, beginning a three-year phase-in next month, will penalize poorly run institutions and reward the efficient.

Food-service contractors believe this will prompt hospital administrators to farm out their dietary and nutrition departments in an effort to cut expenses.

The new law is designed to slow out-of-control health care costs, which jumped four times faster than inflation last year.

Observers agree it will cause massive changes in the way America's 7,000 hospitals are run, in holding down the growth of Federal Medicare and state Medicaid expenditures, in shorter stays for patients and the very nature of the nation's health care system.

Health care is a $360-billion-a-year business in the United States. Food service accounts for 3% of that, or $12 billion.

Eighty per cent of the nation's hospitals run their own food-service programs, leaving contract feeders, who cater to about 20% of the market, plenty of room to grow—but only at first glance.

Hospital food-service administrators, though fully aware that many of their operations are woefully inefficient, are bracing for a fight to keep their territory—and their jobs.

The new legislation, says Edward Allum, food-service administrator at War Memorial Hospital in Saulte Ste. Marie, Mich., "is going to help. Now I'll be able to make a profit.

"The reason management companies exist," he says, "is that managers can't manage."

Contract feeders are facing another major hurdle: One-third of the nation's hospitals now belong to chains and that number could double in the next five years.

Whether community nonprofit, religious or investor-owned, multihospital systems are able to groom management and buy in bulk, two of the biggest selling points for contractors.

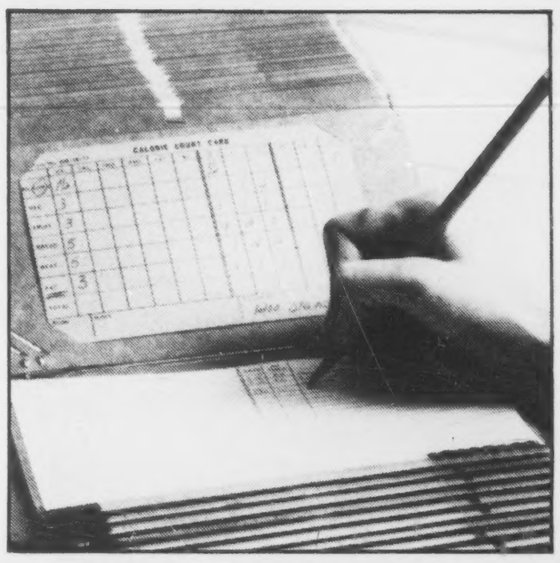
"In general," says Karen Johnson, health care marketing director for Chicago-based Interstate United, hospital management companies "prefer to control all facets of the operation. And, although they may not initially assume food-service operations in a newly acquired account, inevitably they will take it over."

Food-service management companies began girding for their health care offensive three years ago when recession knocked the bottom out of their smokestack accounts. "People are always going to get sick," notes Carr Newcomer, executive vice president at Servomation.

For caterers heavily invested in schools and colleges, strategists saw the baby boom going bust. "Health care doesn't close in the summer, schools do," says Robert Wood, president of M. W. Wood Enterprises, Allentown, Pa.

At the other end of the aging cycle, analysts note that 15% of the American population is turning 62 years old every year and living longer. "In 20 years," says Eugene Congdon, life care services vice president at Morrison Inc., "you'll have one whale of an industry."

*(Continued from page 65)*



***Health care has grown to a $360 billion a year business in the United States. Food service accounts for 3% of that, or $12 billion.***

NRN FOCUS

HEALTHCARE FEEDING

# Spiraling costs spur new legislative controls

WASHINGTON—Groundbreaking new health care cost-containment legislation spells profound changes in the way hospitals do business, leading food-service administrators to view the new rules with a mixture of fear and hope.

"We all agree hospital costs have to be contained," says Mary DeMarco, food-service senior staff specialist at the American Hospital Association which mapped the new prospective pricing system.

Health care costs rose 15% last year while the consumer price index edged up only 4%. Opinion polls beat the drum of public outrage as Americans tried to reconcile their twin views that everyone deserves the best treatment money can buy, but someone else should pay for it.

**Inefficiency has been a major contributor to skyrocketing food-service costs in the healthcare industry. One manager estimates that hospitals generally order 10%-15% more food than necessary.**

### Woeful Inefficiency

There is no doubt among food-service administrators that their purchasing, production and delivery systems are woefully inefficient.

One well-informed manager estimates hospitals generally order 10% to 15% more food than needed. In the past the costs could be passed on as the Government picked up 35% of the bill, and insurers took 29%.

"This has presented an opportunity for people to take a long, hard look at what they've been doing," DeMarco says.

The Health Care Financing Administration, a part of the U.S. Department of Health and Human Services, was due this month to set the prices for 467 different treatments, called "diagnostically-related groups" or DRG's.

Next month one quarter of hospital reimbursement revenue will be figured by DRG's. Next year, it will be 50%; in 1985, 75%—the program will be fully in effect starting October 1986.

The enabling legislation was passed in 1982 as part of the Tax Equity and Fiscal Responsibility Act, or Tefra, which restaurateurs may better know for its tip reporting provisions. It was hammered into shape as part of this year's Social Security system rescue plan.

It applies to every state except New York, New Jersey, Maryland and Massachusetts, which have like-minded local programs in place.

Prospective pricing replaces retrospective reimbursement which allows, for example, the same heart attack treatment to cost $1,500 in one hospital, but $9,000 in another.

The core of the new system is that if an institution provides care for less than the present rate, it can pocket a portion of the difference. But if its costs exceed the rate, it must make up the disparity out of its own coffers.

Some critics contend that the quality of hospital food, already nagged by a notoriously bad reputation, will decline as hospitals and contractors alike seek to cut costs.

But most in the industry welcome the new plan.

"Now I'll be allowed to make a profit," declares Edward Allum, food-service administrator at War Memorial Hospital in Saulte Ste. Marie, Mich.

### Dire Results

But the results for poorly managed facilities may be dire. "You're going to see hundreds of hospitals cleaning up or being taken over by chains," Allum says, "because they couldn't control their costs."

In addition, food-service management companies are gearing up to pitch their product to newly cost-conscious hospital trustees. "The bottom line," says Tony Alibrio, a Saga health care vice president, "is that they have to run their hospitals as a business."

# Contract feeders fear growing hospital chains

Though contract feeders expect heady growth in health care, some are voicing concerns sparked by the deepening importance of hospital chains.

"The big question," concedes Bill Edmundson, president of ARA's hospital food management division, "is whether contract-feeding companies can gain inroads in those multihospital groups."

By the end of the decade, there may be fewer than 700 independent community hospitals. Already, one-third of the nation's 7,000 hospitals are part of chains, both proprietary or nonprofit, up from 12% 10 years ago.

The prospective pricing system will only accelerate the trend.

Contract feeders are worried because agglomerated hospitals reap all the efficiencies of size that constitute contractors' smoothest sales pitches: the ability to recruit and train management, the use of tried-and-true systems and the savings of bulk buying.

Few of them have shown any inclination to pay a contract feeder for something they can do themselves. Hospitals would rather pocket the management fee.

"If they do all their own food service, it's certainly a threat," concedes Edmundson. "If we're shut out of those hospitals, we'd have a serious problem."

But contractors are also hoping pressure to cut costs will force hospital administrators to turn to food-service specialists. "I think we'll sign additional business because of it," says Ian Ferguson, Marriott's vice president in charge of the health care service division.

### New Accounts

Tony Alibrio, Saga's health care division vice president, sees an increasing number of new accounts from hospitals seeking outside specialists.

Three years ago, he says, almost half of Saga's new business came from hospitals dissatisfied with their previous food-service supplier. This year 80% of Saga's new accounts are new to contract feeding.

But multihospital systems, especially proprietary investor-owned chains, are growing by leaps and bounds. Last year the 225 biggest systems posted a 38% profit increase to $1.2 billion, even if the nonprofits among them called their net "surpluses."

Investor-owned chains now control 7% of the nation's hospitals, and expect to double that in five years.

The biggest among them, Nashville-based Hospital Corp. of America, was launched over a decade ago by Jack Massey, who made his fortune as the architect of Kentucky Fried Chicken.

Nevel Andrews, HCA's dietary systems manager, says HCA handles food-service in 86% of the chain's 350 hospitals. He says he believes the rules of the game have changed in HCA's favor.

"It used to be a contract feeder's fee could be charged as a cost and it was reimbursible," Andrews says. "But you can't pass along that fee any more. Contract feeders are going to have to work a lot harder for their percentage."

"You don't solve problems by hiring people anymore," says Ann Hopton, dietary consultant at the second-ranked hospital management chain, Humana of Louisville, Ky. "We've got six facilities where the food-service is managed by outsiders," she says. "But they came with the hospitals when we bought them."

Investor-owned chains are only the tip of the iceberg. Many hospitals are being organized along religious lines. Today 13% of all hospitals are part of religious-affiliated groups. In five years, expect 15%.

Nonprofit secular systems now operate 5% of the market, which could rise to 7% in five years.

Food-service executives contend that multihospital groups can be partners as well as perils. But for now at least, contractors are still looking for willing partners. ARA's solution, of course, has been to vertically integrate: It owns a nursing home chain.

**THE BILLION-DOLLAR HOSPITAL MANAGEMENT COMPANIES**

| Company/Headquarters | Revenue (In millions) | Beds | Hospitals |
|---|---|---|---|
| 1. Hospital Corp. of America/ Nashville | $3,539 | 50,172 | 351 |
| 2. Humana/Louisville, Ky. | 1,924 | 16,286 | 89 |
| 3. American Medical International/ Beverly Hills, Calif. | 1,402 | 10,382 | 81 |
| 4. National Medical Enterprises/ Los Angeles* | 1,383 | 31,496 | 262 |

Source: Company reports, data from latest fiscal year.

*National Medical data includes 180 nursing homes with 21,500 beds.

**Investor-owned health care chains own outright 7% of the nation's hospitals. That number could double in the next five years.**

NRN FOCUS

## HEALTHCARE FEEDING

# *Profile: The challenge of feeding a hospital*

DENVER—Hospital food-service administrators, by some accounts, are on the defensive. As pressure mounts to bring their departments in on budget, management companies bay at the door.

But to Barry Hutchings, food-service director at Swedish Medical Center here, food-service management companies pose little danger. "A contract feeder," he says, "never gets an operation that's well run."

But to Hutchings and others like him at the 5,600 hospitals which have not fallen to contract feeders' blandishments, fear of the management companies takes a backseat while they simply try to get the food out, on time and still hot.

Hutchings has built a well-diversified operation that washes over any distinction between profit-making and charity-run institutions.

"The difference between proprietary and nonprofit institutions has blurred anyway," says Hutchings, who is as likely to be found on the hospital grounds overseeing a barbecue as in his office.

Over the past four years, Hutchings has branched his operation into other areas, including employee feeding, senior citizen centers, schools, and special-event catering. "We're diversifying our market share," he says.

"I don't think we'll be seeing as many patients in bed, in acute care, in the future," he envisions. "People are looking for clinics and care at home." He figures it's his job to figure out how to bring food service to the patient, no matter where the patient is.

"Hospitals totally dependent on patient income," Hutchings says, "will be fighting a losing battle."

A full-service, profit-making public restaurant at the 322-bed facility is priced for a 12% operating margin.

**Barry Hutchings (left), Food-service administrator at Swedish Medical Center, Denver, lays out food-service plans with hospital administrator Neil McElhinney.**

At the employee cafeteria, 700 meals a day are served, priced just to recover food cost. Hutchings also runs meals to senior citizen centers to the tune of 400 per week, and he caters special functions such as office parties and business meetings at the hospital.

Hutchings' latest project is an off-campus public restaurant to recapture some of the center's lost employee business. He's planning a health-styled menu low on salt and polyunsaturated fats.

But in the hospital itself, "we're fighting a battle of logistics just to get the food out every day."

Where there are no sales and profits to measure performance, hospital food-service administrators measure themselves in terms of meals per labor hour or cost per meal. Hutchings' operation spews out 6.5 meals per labor hour. He figures a facility his size should average about five.

In all, Swedish Medical Center turns 1.46 million meals a year on a $2.57 million budget for a $4.39-cost-per-meal. About 60% of his costs are labor, 36% food and the rest overhead.

The day-to-day headaches of a health care operation start at the beginning—purchasing. Often the special needs of patients will dictate a budget item.

Squeeze bags that take two hands to open are an insurmountable obstacle for patients with a broken or paralyzed hand. One-handled soup bowls may also be useless. Heavy china may be a dead weight.

"Sometimes patients' needs will make a purchasing decision for you," he says.

And then preparing palatable meals is a chore demanding imagination. How do you make a steak-and-potatoes dish for someone whose jaw is wired shut? Puree it.

Or how to encourage a comatose patient to move his muscles and also give him necessary moisture? Put a popsicle on the patient's lips.

For new mothers and fathers, Hutchings, like many administrators, offers champagne going-home dinners. "But hospitals don't really compete for patients," Hutchings declares.

"Patients, after all, don't usually have much choice over where they go. They go where their doctors are," he says. "We compete for doctors."

# *Changing system creates vast new opportunities*

*(Continued from page 61)*

As a result, food-service management companies have acquired competitors with already established toeholds in the market, beefed up their own health care divisions or started them from scratch.

In addition, food-service companies are jumping into the field as whole-facility operators.

*Food-service companies are jumping into the field as whole-facility operators*

ARA Services, for example, owns one of the three biggest nursing home chains in the nation. Glendon French, ARA's health care service sector president, admits he is running out of chains to buy. "The better ones," he says, "have been pretty well picked over."

Morrison, the 160-unit cafeteria chain, has jumped into life care, which offers retirement communities with on-site skilled, long-term nursing care. Via an imaginative partnership with nonprofit groups, Morrison has two in operation and 15 more in construction.

Service Systems last year acquired Stouffer's catering division and this year Mannings of San Francisco. Half of Mannings' 300 accounts were in health care and the two deals made the R. J. Reynolds subsidiary, one of the biggest contenders in the field.

Custom Management last year bought Baltimore-based Macke's health care division from its parent, Allegheny Beverage. Earlier Custom bought Ogden Food Service's health care operations from the Boston-based conglomerate.

Ogden executives had complained about margins as slim as 2% in the field, and Allegheny fretted that they were spreading themselves too thin by remaining involved in health care.

But at Macke, at least, there have been some second thoughts about abandoning health care.

"Now that we have things in order," said Harry Conn, an Allegheny senior vice president, "we are re-examining the health care field."

Other companies dumping out of health care include Greyhound, and even Ramada Inns and Hyatt Hotels, none of which seem to have any regrets.

Perhaps the retreating firms were daunted by the knowledge that less than 20% of hospitals contract out their food-service operations and three-quarters of that is controlled by six companies—ARA Services, Service Systems, Saga, Morrison, Custom Management and Marriott.

Many contract feeders provide not only food service, but also security, maintenance and housekeeping. At Custom Management, it accounts for about $10 million a year.

Nevertheless John Metz, Custom's president, is hedging his bets on continuing growth in the changing health care market. "We are now forming," he said, "a consulting firm for those hospitals who don't want contract management."

### *THE TOP SIX FOOD-SERVICE COMPANIES IN HEALTH CARE*

| Company/Headquarters | Beds | Accounts |
|---|---|---|
| 1. **ARA Services/Philadelphia*** | 60,000 | 350 |
| 2. **Service Systems/Buffalo, N.Y.** | 39,000 | 200 |
| 3. **Saga/Menlo Park, Calif.** | 35,000 | 170 |
| 4. **Morrison/Mobile, Ala.** | 32,000 | 190 |
| 5. **Custom Management/Kingston, Pa.** | 25,000 | 150 |
| 6. **Marriott/Bethesda, Md.** | 24,000 | 100 |

Source: *NRN* Estimates

*Figures include 31,000 beds and 266 nursing homes that ARA operates.

**Together the top six companies control 73% of the 240,000 hospital beds which have been converted to contract food service. Food-service companies in general cater 17% of the nation's 1.36 million hospital beds.**

NRN FOCUS

## HEALTHCARE FEEDING

**ARA Services runs 266 nursing homes with 31,000 beds, a 140-unit chain of child care centers (left) and numerous contract feeding accounts.**

# *Feeders test many doors for route to profits*

MOBILE, Ala.—Morrison, known mainly as a cafeteria chain, has jumped into nursing home operations using an imaginative deal-making device that applies free-market principles to charity institutions.

The company mixes retirement communities with skilled nursing facilities, but manages them as non-profit institutions because they are owned by church-affiliated groups.

Morrison has opened two so-called "life care" facilities and 15 more are under construction. Morrison is not the first to do it, but it is one of the few food-service firms involved.

"A not-for-profit institution has got to make a damn good profit to survive," asserts Eugene Congdon, vice president for Morrison's life care management services division.

Since the 1960's about 250 such facilities have opened around the nation with capacity to cater to nearly 90,000 middle-class Americans.

At Spanish Fort, Ala., Westminster Village has 262 apartments, a 60-bed nursing home and 14-bed infirmary.

The 50-acre ersatz city is home to a branch bank, billiard hall, library, ice cream shop, beauty parlor, barber shop, stationery store and chapel—all managed by Morrison.

Westminster is owned by the Presbyterian Retirement Corp., which holds title to the facility and whose board of directors hires Morrison under a three- to five-year management contract.

But it would never have been built without Morrison, which designed it, organized it, founded the church group and now runs it. The church group floated Government-subsidized industrial development bonds to finance its construction.

"We charge them based on the amount of services we provide and the size of the facility," Congdon says. "We take our orders from the board of directors."

Residents pay a one-time "endowment" to live at Westminster ranging from $30,000 to $80,000, depending on their accommodations. Monthly maintenance charges go from $475 to $800.

"They're not sick when they come here," Congdon says. "But if they do get sick, they know they'll be taken care of."

The market, apparently, is a big one.

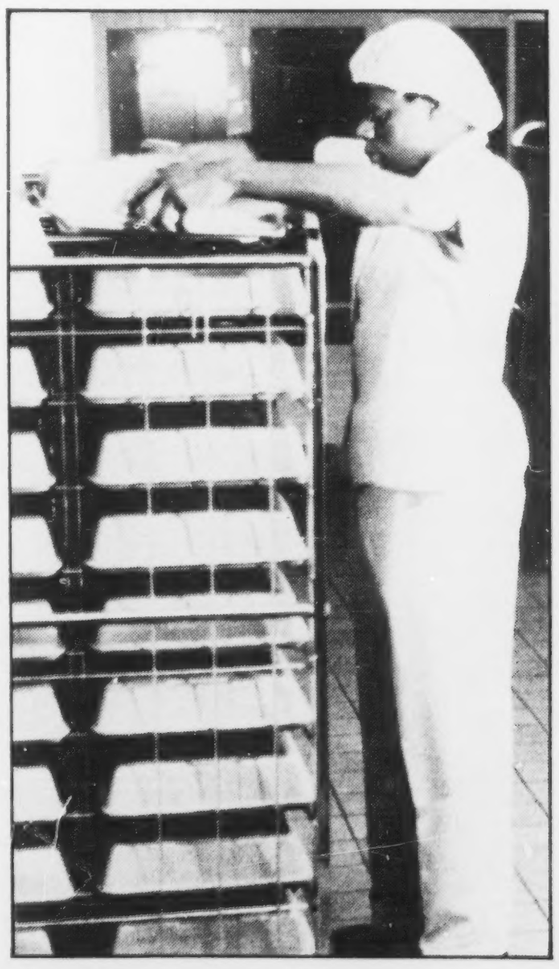
"There are a lot of little old ladies out there with a lot of money," he says. "Five thousand people a day are turning 62."

Morrison has barely scratched the surface of the market, and it is not alone in catering to the needs of the elderly.

- ARA Services, the biggest contract feeder in the nation, runs 266 nursing homes with 31,000 beds. That complements both ARA's 140-unit chain of child care centers and its contract feeding business.
- Beverly Enterprises of Pasadena, Calif., is by far the biggest nursing home operator in the nation. It runs more than 600 properties catering to 64,000 residents. Its revenues are expected to top $1 billion this year.
- National Medical Enterprises of Los Angeles owns over 200 nursing homes with about 30,000 beds.
- Manor Care of Silver Springs, Md., which franchises the 600-property Quality Inns motel chain, operates over 100 nursing homes with about 13,000 beds.

The demand, moreover, is clear. The nation's 17,000 nursing homes are running at 97% occupancy, and there are waiting lists spelling the need for 8,000 more facilities.

Only 5% of the nation's elderly, mostly women, are residents of nursing homes. Operators say state authorities are reluctant to license any more homes for fear Medicaid costs will spiral out of control.



**Worker prepares patient food trays for delivery.**

# *Guaranteed-rate contracts lure more hospital accounts*

BUFFALO—Contract feeders have increasingly attempted to corner more business from cost-conscious hospital administrators by guaranteeing what a hospital's outlay will be.

The guaranteed-daily-rate, or guaranteed-per-patient-rate contracts are fast replacing cost-plus deals, which were much more lucrative for food-service management companies.

But Robert Flickinger, chairman and chief executive of Service Systems here, is an outspoken critic of set-rate agreements.

"It's not a very enlightened way to do business," he declares. "The first thing you cut is quality."

Flickinger doesn't have to mention the reputation hospital food has among consumers. The question—Why is hospital food so bad?—nags every food-service manager.

Flickinger admitted, however, that Service Systems probably writes as many guaranteed-rate contracts as any other firm. Maybe more, because Service Systems is bigger than almost everyone else. But Flickinger says he doesn't have to like it.

Contractors are lured to hospital feeding because it complements their other business lines, demands little or no capital investment, and throws off about 2%, relatively risk-free, margins.

But under guaranteed-rate deals, Flickinger says, "The contractor will have to put his cash out upfront and take his chances. It can bury you if you're wrong."

Many smaller companies have indeed been paralyzed by faulty bids or slow-paying institutions. For now, however, one contract-feeding executive put it this way, "It's the way to sell business."

**Robert D. Flickinger**
**Service Systems president**

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NAFEM '83/FOOD-SERVICE EQUIPMENT

***The drive for efficiency—Pp. 55-67***

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# Diversified HoJo strategy taking shape

## *New concepts head drive for market share*

G. Michael Hostage

**By Charles Forman**

BRAINTREE, Mass.—Driven by a critical need to boost its share of the domestic hospitality market, Howard Johnson Company is testing a range of new casual theme and family restaurants.

Recent prototype restaurant openings come on top of a just-begun push into full service hotels, fast food and an expanded contract management business.

At the same time the company has disclosed it is paring its no-longer-efficient manufacturing operations and recasting direction at its lodges, Ground Rounds and Howard Johnson restaurants.

"We want entry into many demographic groups," Thomas Russo, restaurant and lodging group president, said in divulging the strategy that company officials hope will put them on a growth track.

New concepts opened within the last six weeks are Bumbershoots, a casual theme restaurant in Framingham, Mass., and Paddywacks, an upscale coffee shop operation in Westfield, Mass., near Springfield.

Halligan's, a dinnerhouse concept somewhat more formal than Bumbershoots, but with a similar menu is set to open in Burlington, Mass., on Boston's North Shore in a few months.

For the company's first full-service hotel, ground was broken last month on a 7.3-acre tract in Westboro, Mass. About $12 million will be spent on the 4-story, 224-room unit with completion expected in about 18 months.

Also last month Howard Johnson opened its first franchised Burger King fast-food restaurant on the Pennsylvania Turnpike near Philadelphia.

Two more Howard Johnson BK's are planned for the Turnpike this fall. A total of at least 20 Howard Johnson Burger Kings are to be open within five years.

At 222-unit Ground Round a recasting of menu to lighter fare and revamp of building and decor in favor of a brighter, spacious feeling with added greenery are expected to help the chain build check averages and volumes and draw customers from more upscale casual-theme competitors.

About $200,000 per unit is being spent on this effort, sources estimated, and compa-

*(Continued on page 5)*

## *Hostage tackling tough challenge*

**By Charles Bernstein**

BRAINTREE, Mass.—It's been 20 months since G. Michael Hostage became chairman and president of the Howard Johnson Company, and some observers are impatient with the relatively slow progress they feel has been achieved.

### *NEWS ANALYSIS*

But what Hostage is doing in refashioning the image of HoJo so gradually makes all the sense in the world to those close to the situation. He has taken a conservative real-estate-oriented and "manufacturing"-oriented company and worked slowly toward a marketing-oriented company.

If he'd moved swiftly as some demanded, the company could have been torn apart. After all, it had been in the hands of Howard D. Johnson and then his son Howard B. Johnson for half a century. As the first nonfamily ceo, Hostage had to tread carefully and operate astutely. The diversified Imperial Group of Great Britain, which acquired HoJo three years ago for $630 million, gave him five years to completely turn things around and show strong results.

But Hostage's task is more complicated than it might seem. For Imperial Group is generally felt to have paid far too much for HoJo and therefore wants to see a more-than-healthy return on this investment.

*(Continued on page 120)*

**Among the wide range of new concepts designed to boost HoJo's market share is Bumbershoots, a casual theme restaurant opened recently in Framingham, Mass.**

# *High drama marks third Columbia's debut*

**By Charles Forman**

ST. AUGUSTINE, Fla.—If the restaurant business is theater, as Cesar Gonzmart believes, then perhaps the first hours a new restaurant has opened its doors to the public are a sort of moment of truth, our industry's version of a Broadway opening night.

Gonzmart and his family operate three Spanish cuisine restaurants in Florida, each named Columbia. The first two Columbias are in Tampa and Sarasota, the third opened here this past summer.

Gonzmart asked *Nation's Restaurant News* to share with him, his family, his friends and his business associates the opening—frenzied, gut-wrenching, panoramic, moving and finally triumphant—of the most recent operation.

The St. Augustine Columbia opened at an estimated total investment cost of a little over $5 million. The building itself absorbed about $2.1 million in construction costs. The historic site, where the foundations of the old Spanish town hall (Spanish explorers settled St. Augustine in 1565) could still be seen until construction began, was valued at another $1.5 million. Furnishings, including about $500,000 in kitchen equipment, soaked up $1.5 million more.

The financing is a story in itself. The $5 million was put up by the Henry T. Flagler Foundation, a private fund established by Flagler, one of the nation's great railroad magnates, to back activities that would preserve and build up the unique historic nature of downtown St. Augustine.

A destination restaurant in the historic district was considered a necessity by the Flagler Foundation's current trustees, who include Hugh Culverhouse, an owner of the Tampa Bay Bucaneers professional football team.

The Gonzmarts agreed to pay 10% of operating profits up to $50,000 a year to the Foundation. At the end of 10 years they have an option to buy the physical plant for no more than $5 million.

With the money he felt he needed to accomplish the Foundation's purposes promised,

*(Continued on page 122)*

## *LATE NEWSBREAKS*

### Chart House seeks to acquire Godfather's

**Chart House would acquire Godfather's Pizza for about $306 million in stock under a tentative agreement. Since Don Smith moved to Chart House four months ago as president and ceo, the company has taken a much more aggressive posture toward development. In addition to over 370 Burger Kings, it operates 130 concepts of its own in several segments.**

**For the six months ended June 30 the company reported profits of $9.5 million on revenues of $200 million. At fast-growing Godfather's Pizza, operator of 810 company-owned and franchised units, founder William Theisen has moved aside as ceo, bringing in former Smith subordinate Charles Boppell, who was Taco Bell president.**

# Food price rises loom in aftermath of drought

**NRN Special Report**

The drought and heat wave which hit the Midwest and Mountain States during the final days of July and continued through August without respite in most areas will hit home to food-service operators by next spring—and possibly before, according to agricultural economists both in and out of Government. Yet for the short term, the operator may well benefit from the drought's impact on cattlemen.

The biggest effect will be on meat and poultry prices, since the major casualties of the blistering heat and lack of moisture over the prolonged period were corn and soybeans, the two major sources of animal and poultry feeds. The price of both grains have risen on both the cash and futures markets by as much as 60% over last year at this time in the case of soybeans and 55% for corn. Its tangential effects will even be felt in higher prices for a number of processed foods, including tomatoes, peas and green beans.

Country agents, taking soil moisture samples through the affected areas, reported the lack was the worst since the great "dust bowl" drought of the 1930's. A number of farmers who gambled on a good crop and turned down the Federal Government's Payment In Kind

*(Continued on page 122)*

# New $40M BK ad campaign renews burger war assault

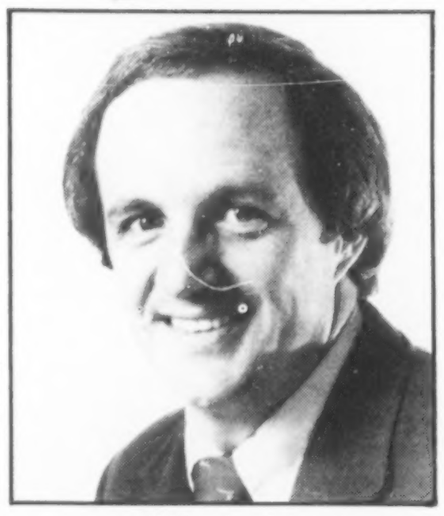
By Joe Edwards

MIAMI—Burger King has kicked off a $40 million advertising campaign designed to maintain the double-digit real sales gains it says resulted from the ongoing "battle of the burgers" strategy.

The new ads are intended to be as controversial as last year's, according to Burger King officials. One spot features the MacDonald family of Norwalk, Conn., who advise viewers to switch to Burger King "and tell 'em the MacDonalds sent you."

In its latest ads, Burger King is claiming that millions of fast-food customers have switched to its restaurants as a direct result of the comparative ads that first appeared on network TV on Sept. 27, 1982.

As with the original ads, the new spots are humorous and self-congratulatory, but contain few hard facts.



Kyle Craig

This time around, however, Burger King has released research data to support some of its advertising claims. Company research shows that Burger King attracted more than five million new customers in the last 10 months.

Kyle Craig, executive vice president and marketing director, also quoted figures compiled by CREST (Chain Restaurant Eating Out Share Trends) that show more than two million new customers ate at Burger King units in the last audit period of 1983 compared to the same period a year earlier.

Craig also presented monthly sales figures showing Burger King enjoyed an average monthly 13% real sales gain (total sales minus menu price increases) at comparable units between October 1982 and July 1983.

Most important, Craig declared, sales increases did not taper off as "the battle of the burgers" dragged on. Real sales were up 14% in April, 11% in May, 14% in June and 11% in July compared to the same months a year ago.

"People said we'd get a short-term blip," Craig said. "But our business went through the roof. Nothing has shocked us like the success of this thing."

Other factors came into play during the period, Craig admitted, including a general economic upswing and increased consumer spending. In addition, Burger King's sales had been particularly weak the year before the "battle of the burgers" was launched.

Still, Burger King's real sales growth between October 1982 and July 1983 was as much as six times higher than gains at McDonald's and Wendy's, Craig noted. In July, for example, Burger King posted 11% real sales gains over July 1982, while McDonald's and Wendy's real sales were up about 2%.

In fiscal 1983 ended May 1, Burger King reported a 12% increase in domestic average unit sales to $838,000. McDonald's average unit sales are about $1.13 million and Wendy's about $721,000.

Craig also credited the chain's free-wheeling advertising strategy for raising "franchisee attitude, sales and profits to the highest levels in the company's history."

The chain's "big switch" ad campaign had its debut on network TV on Sept. 12. Three short spots ran for about 10 days, followed by the spot featuring the MacDonald family

(Continued on page 121)

**Meet the *Mac*Donald's of Norwalk, Conn., Burger King's latest weapon in the ongoing "battle of the burgers."**

### MONTHLY REAL SALES INCREASES DURING THE 'BATTLE OF THE BURGERS'

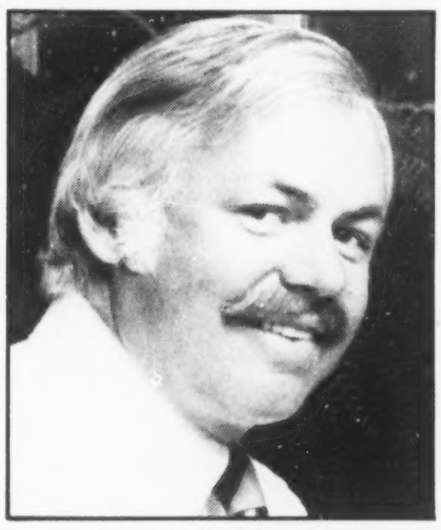
(Per Cent Change Vs. Year Earlier)

| Chain | 1982 Oct. | Nov. | Dec. | 1983 Jan. | Feb. | March | April | May | June | July |
|---|---|---|---|---|---|---|---|---|---|---|
| Burger King | 10 | 5 | 9 | 16 | 18 | 14 | 14 | 11 | 14 | 11 |
| McDonald's | 3 | 1 | 3 | 5 | 0 | 3 | 1 | 2 | 3 | 2 |
| Wendy's | 6 | 1 | 2 | 2 | 0 | 1 | 5 | 2 | 3 | 2 |

Source: Burger King Corp. and *Restaurant Industry Trends Report*

***Figures shown are per cent gains** in total unit sales minus menu price increases for each month compared to the same month a year earlier. Burger King launched the "battle of the burgers" ad campaign on network TV on Sept. 27, 1982.*

# Keenan leaves as Pizza Time ceo in major company reorganization



Joseph F. Keenan

By Don Jeffrey

SUNNYVALE, Calif.—Joseph Keenan has resigned as president and chief operating officer of Chuck E. Cheese's Pizza Time Theater in the wake of a major company reorganization.

Pizza Time Theater has been broken down into three operating divisions, each with its own president.

A spokesman said the Chuck E. Cheese pizza-and-entertainment restaurants—by far the largest part of the company—will be headed by George Hellick, who was promoted to president from senior vice president of operations. Hellick joined the company in January after seven years with Denny's restaurants.

Neither Hellick, Keenan, nor Nolan Bushnell, chairman and founder of the company, was available for comment at press-time.

The spokesman, John Porter, did not give a reason for the resignation of Keenan, who have been with Pizza Time almost since its beginning as a separate company in 1979.

He said he didn't know Keenan's plans but added: "He didn't leave us for another company."

According to a statement by Bushnell, Keenan will remain on the board of directors and act as a special consultant to the company.

These changes come at a time when the entire pizza-entertainment segment—which features computer controlled animated stage characters, videogame arcades and kiddie rides—is straining under decreases in profitability and investor confidence.

Hellick, with his experience, appears to have widespread support of Pizza Time's franchisees.

Patrick Hopf, chairman of Family Entertainment Centers, a 16-unit Chuck E. Cheese franchisee, said of the move: "This indicates their basic new thrust—to become a restaurant company as well as an entertainment company. They've got a real restaurant operator and marketer in George Hellick. And now he'll not only have the responsibility but the authority, too. I think it's going to make a real significant change. George is going to do what he wants to do."

Pizza Time Theater has more than 250 franchised and compa-

(Continued on page 121)

# Bonanza, Primo sign pact to offer joint franchises

By Donald Frazier

DALLAS—Bonanza, the franchisor of about 565 budget steakhouses, is giving its top franchises a chance to diversify into several other concepts.

A deal between Bonanza and the Phoenix-based Primo Inc. gives the steakhouse operator the right to franchise as many as 100 units for Primo by the end of 1985.

The two companies will split the various roles of franchising. Primo will train, equip and open the operations, while Bonanza will handle site selection and financial arrangements.

Promo operates four concepts, most of them designed for the special requirements of shopping malls. The two principal formats are the 70-unit Drake's Salad Bar and the 14-unit Primo's Frisco Deli. The company also runs six units of Polarbar, a frozen dessert stand, and one unit of Batter Up, a snack bar.

Almost all of these concepts are operated in shopping malls. According to a Primo executive, just under 40% of all retails spending in the country takes place in shopping malls.

"Both of us are winners in a deal like this," said the executive, Primo president Anthony Brunetti.

He explained that Primo, a concept design specialist, does not have the financial muscle or the real estate expertise to roll out its concepts properly on a large scale, while Bonanza wants to offer its franchisees a way to expand their operations.

"They have something we want and we have something they want," Brunetti said. He pointed out that Primo will receive at least $1 million in initial franchise fees as the stores go up, and about $500,000 a year in ongoing royalties.

The deal between Bonanza and Primo may be part of a trend for franchisors to offer franchisees a variety of concepts. Wendy's developed its chicken-and-biscuits concept,

(Continued on page 121)

COMMODITIES

# Prolonged drought proves a boon for operators

NRN Special Report

The prolonged Midwestern drought and heat wave, while seriously affecting anticipated meat prices for next Spring, will prove a boon for operators this fall and most of the winter, according to agricultural marketing experts. Suffering from lack of grass on the rangeland, ranchers are sending the animals to market in growing numbers, overflowing the pipelines and causing meat prices to fall—at least for the present.

For the past two months, Choice beef prices have been resting generally below the "magic" $1-per-pound slaughterhouse price. Hog prices, while showing more volatility, have returned to that level after a short climb to a few cents over the "threshold." Hogs were hard-hit by the heat as well; in that case, failing to eat properly and not gaining the weight set as a goal by the producers.

On the other hand, poultry prices, already as much as 20% higher than last year at the beginning of the heat wave, have risen even further as the main producing areas in the Southeast were hit with killing heats destroying millions of chickens.

Not all the news, however, is bad. A number of frozen vegeta-

(Continued on page 121)

### PRICE MOVEMENT AT A GLANCE

| | Sept. 2, 1982 | Aug. 2, 1983 | Sept. 2, 1983 |
|---|---|---|---|
| Beef, Choice, 700-900 lb., Midwest (lb.) | $1.01 | $0.95 | $0.92 |
| Broccoli Spears, Grade A frozen (lb.) | $0.57-0.60 | $0.57-0.60 | $0.55 |
| Broilers, Grade A icepack, NYC (lb.) | $0.4888 | $0.5697 | $0.6024 |
| Eggs, Grade A large, Chicago (doz.) | $0.6675 | $0.695-0.70 | $0.755-0.76 |
| Lettuce, iceberg, California (24s) | $3.00-3.50 | $4.00-5.00 | $4.00-6.00 |
| Pork loins, Choice, 14-17 lb., Midwest (lb.) | $1.31 | $0.84 | $0.97 |
| Corn, No. 2 yellow, Chicago (bu.) | $2.275 | $3.455 | $3.53 |
| Sorghum, No. 2, Gulf Coast (cwt.) | $4.61 | $5.98 | $6.23 |
| Soybeans, No. 1 yellow, Chicago (bu.) | $5.54 | $7.24 | $8.775 |
| Wheat, spring, 14% protein, Minn. (bu.) | $4.04 | $4.295-4.3025 | $4.3325 |

Source: *NRN* Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# BK renews burger war with new ad campaign

(Continued from page 3)
that is the centerpiece of the campaign.

In that ad, Mr. and Mrs. Michael MacDonald and their three children appear in their living room wearing funny glasses with fake mustaches and clown-like noses. They give the reasons why they switched to Burger King, tell viewers to do the same and then shout in unison, "Tell 'em the MacDonalds sent you."

Burger King account executives at J. Walter Thompson agency in New York are credited with dreaming up the spot. The agency hired an outside firm to contact 750 families named MacDonald or McDonald.

Forty of the families qualified as switchers to Burger King, according to Steve Bowen Jr., an agency senior vice president. They were screened by telephone and six were asked to come in for a camera test.

Mr. and Mrs. Michael MacDonald and their family agreed to appear in the commercial. The family dog was replaced by a trained dog, however, because the family's pet was uncooperative.

Grinning broadly after screening the ad for reporters, Craig said the spot "upholds our reputation as controversial and outrageous. We're committed to finding out if McDonald's has a sense of humor."

Last year, no one at McDonald's was laughing when Burger King ads claimed consumers preferred the Whopper to McDonald's Big Mac and Wendy's Single Burger. McDonald's and Wendy's sued Burger King for "false and misleading" advertising, but the matters were settled out of court.

Craig and Bowen said they do not expect any lawsuits this year if only because most food service and advertising executives agreed that McDonald's and Wendy's blundered by filing suits and drawing media attention to Burger King's ads.

"We will forever be thankful for the McDonald's suit," Craig exclaimed. Bowen agreed that the lawsuits helped make the "battle of the burgers" one of the most publicized ad campaigns in history.

While none of the other ads in the current campaign are as controversial as the MacDonald's spot, each scores points against the competition without naming them.

In one, Emmanuel Lewis, a young boy who appeared in last year's ads, asks viewers what took them so long to switch to Burger King. (Lewis is starring in a TV series, "Webster," this fall.)

In "Tick Tock," Burger King products are shown as an announcer intones that in the past year someone switched to Burger King every 10 seconds of every day.

In the third spot, a Burger King crew member tells a crew member from an unidentified chain that millions of people have switched to Burger King in the last year. The ad mentions the "broiling beat frying" and "battle of the burgers" themes of the past.

"We somewhat enjoy doing the controversial," Craig said. "We were looking for a way to bring all the themes of the past year together. We're not using competitors names as we did in our recent waves of comparative ads. We will retain our whimsical approach, hoping to discover that our competitors have a sense of humor."

Contacted a few days before the ads appeared, a McDonald's spokesman declined to comment.

This is the biggest media blitz in Burger King history, and Craig explained that the results of previous "battle of the burgers" ads more than justify the $40 million price tag for the four-month campaign.

Burger King's parent company, Pillsbury, generally considered very conservative, has been supportive of what's going on in its fast-food division.

When he travelled to Pillsbury headquarters in Minneapolis to show the new ads to chief executive William Spoor and president Win Wallin, he wore the gag glasses used by the MacDonald family.

Spoor and Wallin laughed and told him to keep thinking young, Craig said.

Burger King's advertising approach has shaken up the fast-food industry. In addition to McDonald's and Wendy's suing Burger King last year, Wendy's recently won a suit against a small Ohio sandwich chain, Big Bite. Wendy's objected to the use of a Wendy trademark in Big Bite's ads.

Wendy's itself has aired TV commercials this summer which poked fun at the food, service and cooking systems at "those other burger chains." Craig said he didn't like those ads because they made the fast-food industry look bad.

"Everything we're doing is reinforcing quality," he said, adding that Burger King has helped generate consumer interest in all fast-food restaurants.

# *Keenan leaves as Pizza Time ceo*

(Continued from page 3)
ny-owned units in the United States and a few foreign countries. Company revenues were $99 million in 1982.

After the early success of Pizza Time and its major competitor, ShowBiz Pizza Place, owned by the Brock Hotel Corp., several imitators entered the field. In many areas saturation came quickly and sales and profits on the unit level began decreasing. Stock prices dropped and brokers stopped recommending buys in these chains.

Many industry observers and executives say that after the current shakeout only one or two chains that offer the pizza-and-entertainment concept will survive. Many predict Chuck E. Cheese, being the first and the biggest, will be a survivor.

But all agree the games and the animated characters are not enough to draw customers back to the centers. They say the quality of the food and service must be upgraded.

Pizza Time is testing in some of its company stores in California a new pizza with a different crust and is expected to roll out some new sandwiches by early next year. It is also testing a new service concept for the chain: dining-room hostesses who will help families with their children and see that customers don't have to get back in line for reorders.

Besides the Chuck E. Cheese restaurants, there were two other divisions formed in the reorganization.

One is Zapp's, a new restaurant concept. It is a limited-menu bar-and-grill, geared toward young adults, featuring a video arcade and pub games like pool, darts and shuffleboard. The first unit opened in San Jose in July and two more are under construction in Tampa and Dallas.

Gene H. Landrum will be president of Zapp's. He was senior vice president of development for Pizza Time Theater.

The third division is Sente Inc., which has been a wholly owned subsidiary of Pizza Time. Sente is developing new electronic games for marketing and distribution next year. The president will be Robert Lundquist, who was vice president of games operations for Pizza Time.

Before entering the food-service field, Bushnell was developing and marketing electronic games. He founded Atari in 1972. Two years later Keenan joined Bushnell, merging his own company, Kee Games, with Atari. Warner Communications bought Atari in 1976. Three years later Bushnell left Warner to spend his time building up Pizza Time Theater. Keenan joined him soon after that, to become chief operating officer and president.

## Bonanza, Primo agree to offer joint franchises

(Continued from page 3)
Sister's, for franchisees eager to build up territories already saturated with Wendy's units and Bonanza itself developed the People's concept as a replacement for Bonanza budget steakhouses in some markets.

The Primo concepts, Brunetti said, were devised to fill a now-vacant market niche for "appropriate" fast food in shopping malls.

Traditional concepts such as McDonald's and Burger King, Brunetti claimed, are inappropriate for a shopping mall environment because their operational systems are geared for all-day high volumes, and they require a great deal of space, sometimes as much as 7,000 sq. ft.

These concepts are wrong for shopping malls, he continued, because malls cannot provide a drive-up window, they close early, and often have slack business at night, when the free-standing fast-food operations can do well.

Primo operations, on the other hand, are designed so they can be run by very few people on a very small piece of high-rent shopping mall property, Brunetti said.

"This system addresses the major problem fo most concepts out there in that it can adjust to the extreme fluctuations of business in a mall," the executive pointed out.

He also suggested that the menu mix of Primo concepts might lend itself more to shopping mall environment than the normal fast-food menu would. Drake's Salad Bar features a variety of salads, while Primo's Frisco Deli offers a wide range of hot and cold delicatessen-style sandwiches.

## Prolonged drought proves a boon for operators

(Continued from page 3)
bles, including broccoli, Brussels sprouts, cauliflower and baby lima beans, were lowered in price by one major West Coast packer at the end of August. Other processors are expected to follow that lead during September. The price drops were actually an adjustment to meet the discounting which has been in effect for most larger buyers for the past number of weeks.

Not all frozen vegetables will fare so well. Peas are expected to stay at list and advance slowly during the year, since the carryover was down and the pack did not make objectives originally set by packers. Corn, both cut kernels and cobs, are in good shape in food-service sizes, and prices are expected to remain fairly stable during the rest of the pack year.

In canned vegetables, the drought has hit tomatoes in the Midwest, and the pack will not be as large as originally forecast, even with California's majority contribution. In the last week of August, one packer raised its prices on canned tomatoes, with two others out of the market entirely.

Green beans are moving up in price, with scattered increases being posted, mostly by Midwest and Ozark packers. Sweetpotatoes are a question mark, because there has been a healthy (30%) carryover from last year, but a decrease in the anticipated pack, due to a cutback in acreage this season.

### Fruit Picture Mixed

The predicted short supply of cling peaches has been borne out by the reduced pack size through the end of August. The pack at that point was down by 45% from last year, 36% from the year before and even 16% down from 1980, which was considered a disastrous year. While the food-service size is selling at list prices, expect adjustments upward to be made within the next month by most packers.

Apricots will be almost nonexistent by the end of the season, according to one California agricultural economist, and the price will be so "steep that most operators won't be able to justify their expense anyway." Fruit cocktail and fruits for salad will also be in short supply, but not at the crisis level as are apricots. But expect increases by the end of the year or early in 1984.

One of the bright spots is canned applesauce. There is a good supply this year from the major producing area, the Northeast.

Farm-raised catfish production was up 42% over last year, which was also a record year. About half is sold frozen and half iced. . . . The red salmon pack will be a good one this year, but the king (sockeye) pack is substantially off. Pink will up a bare 8%. . . . Large imported canned hams have not been performing well because of heavy import levels. The price for both Holland and Polish 8- to 12-lb. hams has dropped by several cents per pound in the past month or so.

Lettuce, after some "yo-yo" swings usual for this time of the year, has settled down in the California Coast producing areas to about the $4 to $6 range, depending upon quality and size. . . . Food-service Fench fry prices are expected to rise as the price of vegetable oils used to blanch them rises.

# *Eller discloses plan to sell one-third of Swensen's pie*

(Continued from page 2)
chairman, made his first fortune from a media empire that held billboard advertising firm, radio and TV stations and newspapers. Today he is also chairman of Circle K convenience stores and a director of such companies as Columbia Pictures and Eastern Airlines. He played a key role in the Coca-Cola purchase of Columbia.

Eller bought Swensen's through a subsidiary, Red River Resources, for $9 million in cash and notes, but many of its franchisees had already defaulted on development schedules and the company's coffers were stunted by loose and low-yielding royalty contracts.

The company drafted a new franchise deal and bought back the rights to such markets as Chicago, Cleveland, Dallas, Houston and Los Angeles. Most of the 35 stores it picked up in the maneuver turned out to be klinkers.

As growth ground to a halt, Eller switched chief executives again, hiring Schoenleb, a 49-year-old Arby's and Burger King veteran, who changed the management team once again.

Schoenleb also instituted new management and operations procedures, including a nationwide purchasing plan, a food-cost control system for company stores and new systems for rating franchisee performance, screening new franchisees and enforcing royalty payments.

The company says it still has a lot of weakness in its franchise system. Eleven of the 31 existing territorial development agreements are in default of development schedules. They call for 34 stores to be built next year.

New franchise contracts call for 5½% royalties, but the average remains below 5%. However, 85% of the stores are now covered by an advertising co-op.

The company is carrying about $30 million of lease liabilities on its books, but has stopped leasing sites to franchisees to limit its exposure. It also stopped guaranteeing construction loans for franchisees.

Nevertheless the company has about $6.6 million in tax-loss carry-forward which could boost any future earnings and it remains a strong market force in California.

## *HoJo moving H.Q. to N. Quincy*

BRAINTREE, Mass.—Howard Johnson Co. says it will relocate corporate headquarters to a new facility in North Quincy, Mass., by early next year.

The company has signed a 10-year lease to occupy three floors of a 7-story, 332,000-sq.-ft. building. The move will bring under one roof Howard Johnson's 540 headquarters employees, currently working in several facilities.

FINANCIAL NEWS

# Taco Viva reports 63% net profit gain for fiscal '83

POMPANO BEACH, Fla.—Taco Viva, operator of 56 Mexican fast-food restaurants, reported that net profit for the fiscal year ended May 31 increased 63% over last year's $494,000 to $804,000.

Sales for the year were up 29%, from $12.2 million to $15.7 million.

At a meeting of financial analysts last month in Chicago, president Brion Foulke III said that fiscal 1983 results were "in line with our expectations; however, our current sales increases are running well ahead of what we had anticipated."

He said Taco Viva had forecast a 35% growth rate for fiscal 1984 but that first quarter results would be higher than that.

Taco Viva finished the last fiscal year with 46 restaurants and added 10 in the first quarter.

"Our plans anticipated concluding fiscal 1984 with 60 to 65 restaurants," Foulke told the analysts. "It appears likely that we may top that figure."

Seven of the 10 units opened during the first quarter were conversions from Tacos Olé, a chain acquired in late June for 80,300 shares of Taco Viva common stock, with a market value of about $1.1 million. The seven former Tacos Olé units, all located in Florida, had total annual sales over $2 million.

Richard W. Hissing, president of Tacos Olé, joined Taco Viva as director of development.

"The acquisition of Tacos Olé will accomplish our long-sought goal of being the dominant Mexican restaurant chain in Miami," said Foulke. He added, "Dick Hissing's knowledge of our business and the south Florida market will make an important contribution."

Fifty-four of Taco Viva's units are in Florida; the other two are in Augusta and Athens, Ga. Nelson Futch, marketing director, said the first Atlanta unit was expected to open in a mall Sept. 29.

## Piccadilly's '83 profits off 28%

BATON ROUGE, La.—Piccadilly Cafeterias posted a 28% net profit decline to $6 million for the year ended June 30 compared to fiscal 1982.

Sales rose 7% year-to-year to $152.7 million.

The company said earnings slipped because of a prior-year supply inventory adjustment, increased pension and hospitalization costs, a write-down on marketable securities and a 2% customer-count decrease.

Fourth-quarter net profit was $908,000, a 37% falloff from the same time last year, and sales were $39 million, a 5% gain.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Sept. 9 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | | | | | | Last Fiscal Year (Per Share) | | |
| | | | | | Change | | 52-Week | | | | | | Last Fiscal Year | | | | | Latest P/E Ratio | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Long Term Debt | Common Stock Equity | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Amt. | Pct. | High | Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | | Amt. | Pct. | | | | Amt. | Yield | | Revenue | Earnings | | | | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 6.38 | 5.75 | 6.38 | .50 | 8.51 | 7.88 | 5.00 | -.27 | 2.87 | 1.25 | 45.85 | .05 | .21 S | NE | -7.0 | .3 | 37.5 | .00 | .0 | 01-06-81 | 37.1 | .1 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 32.25 | 30.88 | 31.50 | .13 | .40 | 38.50 | 18.75 | -.28 | -.50 | 6.79 | 31.11 | 2.52 | .42 F | 20.0 | 53.0 | 7.9 | 12.5 | .25 | .8 | 08-10-83 | 175.1 | 13.9 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 52.00 | 46.00 | 52.00 | 5.75 | 12.43 | 55.00 | 31.25 | .01 | 1.24 | .14 | 16.63 | 3.43 | .52 N | 15.0 | -2.0 | 1.4 | 13.1 | 2.05 | 3.9 | 08-26-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 17.50 | 16.75 | 17.25 | .50 | 2.99 | 18.50 | 3.66 | .14 | -.73 | -2.28 | 1.08 | .39 | .13 N | 30.9 | -7.0 | 2.2 | 31.4 | .12 | .7 | 07-05-83 | 78.6 | 1.7 | 1.6 | 4.40 | 5.05 | 0982 |
| Beefsteak Char | BCS | 7.13 | 6.63 | 7.00 | .25 | 3.70 | 9.75 | 4.50 | -.02 | .83 | -2.21 | -24.32 | .88 | .04 S | 5.7 | 48.0 | 3.7 | 9.6 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 29.50 | 28.25 | 29.50 | 1.00 | 3.51 | 33.50 | 18.00 | -.59 | -.12 | 1.90 | -3.99 | 1.11 | .09 Q | 8.4 | 23.0 | 6.9 | 25.7 | .30 | 1.0 | 08-08-83 | 187.5 | 13.0 | 3.0 | .00 | 6.92 | 0483 |
| Bonanza Intl Inc | BNZA | 7.38 | 6.75 | 7.38 | .63 | 9.26 | 7.38 | 1.75 | .16 | -.18 | .21 | -46.98 | .11 | 3.06 S | NE | -85.0 | 3.1 | 36.9 | .00 | .0 | 00-00-00 | 16.1 | .5 | 1.6 | 9.70 | 1.67 | 1282 |
| Brock Hotel Cp | BHC | 8.50 | 6.88 | 8.00 | 1.00 | 14.29 | 14.38 | 6.88 | -.03 | -.63 | -.33 | -48.78 | .55 | -.54 S | -76.0 | 4.0 | 2.8 | 47.1 | .10 | 1.3 | 06-13-83 | 255.6 | 7.1 | 1.1 | 16.64 | 4.38 | 1282 |
| Calny Food | CLNY | 15.00 | 14.25 | 15.00 | .25 | 1.69 | 17.25 | 5.66 | -.08 | .39 | -.03 | -16.67 | .80 | .14 Q | 20.2 | 8.0 | 4.6 | 18.1 | .20 | 1.3 | 07-27-83 | 30.2 | 1.4 | .4 | 3.71 | 2.24 | 0283 |
| Captain Crabs | CRAB | 8.38 | 6.50 | 8.25 | 1.25 | 17.86 | 8.38 | 1.00 | .72 | 2.18 | 3.91 | -14.11 | .00 | .00 N | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0682 |
| Carrols Cp | CRL | 11.75 | 8.75 | 11.50 | 2.50 | 27.78 | 11.75 | 1.88 | .46 | -.12 | 1.38 | -26.44 | .50 | .28 F | 127.2 | 437.0 | 3.6 | 23.0 | .06 | .5 | 08-29-83 | 85.2 | 3.1 | .6 | 3.28 | 2.00 | 0582 |
| Chart House | CHHO | 34.88 | 31.88 | 34.38 | 2.25 | 7.00 | 37.75 | 20.63 | -.17 | -.65 | 1.78 | -2.27 | 2.08 | .09 S | 4.3 | 15.0 | 4.9 | 15.8 | .60 | 1.7 | 06-24-83 | 382.0 | 18.7 | 1.0 | 9.21 | 13.12 | 1282 |
| Chi-Chis | CHIC | 37.63 | 32.75 | 37.13 | 3.38 | 10.00 | 37.63 | 12.50 | .09 | -.50 | -.27 | -17.78 | .59 | .34 Q | 100.0 | 456.0 | 9.4 | 54.6 | .00 | .0 | 12-20-82 | 94.2 | 8.9 | 2.6 | 2.81 | 2.43 | 0483 |
| Ch Full O Nut | CHF | 20.13 | 18.38 | 20.13 | .75 | 3.87 | 24.38 | 12.50 | -.11 | 1.59 | 2.82 | .95 | .34 | .10 N | 25.0 | 11.0 | 1.4 | 40.3 | .50 | 2.5 | 07-15-83 | 115.8 | 1.6 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 24.88 | 23.13 | 24.25 | .25 | 1.04 | 33.50 | 20.34 | -.99 | .54 | 3.89 | -55.51 | 2.19 | -.06 S | -2.6 | 14.0 | 10.1 | 10.9 | .72 | 3.0 | 05-20-83 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 3.88 | 3.50 | 3.88 | .38 | 10.71 | 4.00 | 3.00 | .35 | 1.34 | -.82 | -29.21 | .13 | .46 S | NE | 87.0 | 2.1 | 13.4 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 19.50 | 15.75 | 18.38 | 2.38 | 14.84 | 19.84 | 10.44 | -.30 | -1.31 | .77 | -29.25 | 1.47 | .32 Q | 26.0 | 29.0 | 3.8 | 11.9 | .20 | 1.1 | 09-23-83 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Consul Corp | CNSL | 18.25 | 16.50 | 18.25 | 1.50 | 8.96 | 18.75 | 7.25 | .16 | 1.30 | 1.35 | -17.09 | .26 | .26 F | NC | 69.0 | 2.5 | 70.2 | .00 | .0 | 00-00-00 | 32.4 | .8 | .7 | 2.21 | 2.88 | 0682 |
| Cracker Barrel | CBRL | 22.25 | 21.25 | 21.75 | .50 | 2.35 | 27.34 | 7.16 | -.46 | -.86 | -2.82 | -18.02 | .69 | .21 N | 31.8 | 28.0 | 3.7 | 25.0 | .14 | .6 | 08-30-83 | 35.4 | 1.3 | 1.9 | 3.57 | 4.46 | 0782 |
| Dennys Inc | DEN | 31.63 | 29.75 | 30.00 | -1.00 | -3.23 | 36.88 | 26.38 | -.50 | -1.41 | 2.10 | 39.05 | 2.54 | .14 F | 5.8 | 11.0 | 3.8 | 11.8 | .72 | 2.4 | 09-02-83 | 1054.6 | 40.2 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 24.50 | 21.38 | 24.25 | 2.88 | 13.45 | 28.75 | 12.69 | -.06 | 1.73 | 2.59 | -6.48 | 1.40 | .22 N | 16.2 | 25.0 | 9.4 | 15.4 | .28 | 1.2 | 08-15-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 24.63 | 23.75 | 24.63 | .38 | 1.55 | 26.88 | 9.38 | -.04 | .00 | -8.64 | -38.46 | 1.92 | .12 F | 6.6 | 22.0 | 3.7 | 12.8 | .40 | 1.6 | 09-28-83 | 110.6 | 4.1 | 1.3 | 5.95 | 15.14 | 0583 |
| Godfathers Pizza | GFPZ | 21.88 | 16.88 | 21.88 | 4.25 | 24.11 | 25.50 | 11.50 | -.09 | 3.76 | 5.19 | -12.13 | .65 | -.01 S | -1.5 | 115.0 | 15.8 | 34.2 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Hambrg Hamlet | HAMB | 12.00 | 11.50 | 11.50 | -.50 | -4.17 | 12.00 | 5.75 | -.25 | -.31 | -.62 | .00 | -1.10 | -2.45 F | -181.4 | -22.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | .75 | .63 | .63 | -.13 | -16.67 | 2.00 | .63 | -1.70 | -.51 | -2.61 | -50.00 | -12.59 | -9.67 Q | NE | -137.0 | -89.4 | NE | .00 | .0 | 00-00-00 | 27.4 | -24.5 | .3 | 12.03 | -4.31 | 0982 |
| Hilton Hotels | HLT | 55.00 | 51.00 | 54.63 | 2.13 | 4.05 | 60.25 | 34.88 | -.02 | 1.01 | -2.77 | 17.76 | 3.04 | -.83 S | -22.0 | 8.0 | 14.4 | 18.6 | 1.80 | 3.3 | 08-29-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 53.75 | 48.25 | 53.00 | 4.25 | 8.72 | 59.00 | 31.00 | -.10 | .50 | -1.45 | .02 | 2.50 | .16 S | 5.8 | 13.0 | 6.8 | 18.3 | .84 | 1.6 | 09-12-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 27.38 | 23.88 | 26.88 | 2.75 | 11.40 | 32.34 | 11.13 | .15 | .27 | -1.76 | -31.62 | .74 | .37 S | 62.7 | 952.0 | 2.8 | 28.0 | .00 | .0 | 07-12-83 | 235.4 | 6.6 | 1.1 | 9.46 | 4.77 | 1282 |
| Hungry Tiger | HTIG | 10.75 | 9.25 | 10.25 | 1.00 | 10.81 | 12.25 | 5.34 | .40 | -1.56 | 4.68 | -32.50 | .78 | -.21 N | -25.9 | 17.0 | 3.8 | 17.1 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0682 |
| Imperial Grp | IMT | 1.75 | 1.63 | 1.69 | -.06 | -3.57 | 2.06 | 1.56 | -.11 | -1.12 | 1.20 | -29.76 | .47 | -.10 S | -17.2 | 6.0 | 2.6 | 3.5 | .11 | 6.5 | 09-27-83 | 7742.8 | 198.3 | 1.1 | .54 | 1.92 | 1082 |
| Intl Dairy Queen | INDQ | 32.50 | 29.50 | 32.50 | -1.50 | -4.41 | 40.00 | 16.25 | -.80 | 2.08 | -.26 | 1.54 | 2.17 | .68 S | 36.7 | 62.0 | 6.3 | 12.8 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 20.75 | 17.75 | 20.75 | 1.50 | 7.79 | 22.94 | 3.00 | -.55 | 4.00 | -.83 | 7.29 | .92 | .72 F | 360.0 | 696.0 | 4.8 | 22.6 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .3 | 2.46 | 2.26 | 0682 |
| JBs Rest | JBBB | 17.00 | 16.00 | 16.75 | .50 | 3.08 | 18.13 | 6.50 | .04 | -.17 | -1.61 | -9.57 | .93 | .21 N | 25.3 | 12.0 | 3.5 | 16.1 | .20 | 1.2 | 08-08-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 19.63 | 17.38 | 19.63 | 2.13 | 12.14 | 23.50 | 16.75 | -.06 | -.12 | -.20 | -13.66 | 1.33 | -.07 F | -5.0 | 27.0 | 4.6 | 14.8 | .12 | .6 | 05-09-83 | 454.1 | 21.0 | .9 | 2.91 | 8.99 | 0682 |
| Kapok Tr Inns | KTI | 8.63 | 8.13 | 8.25 | -.25 | -2.94 | 10.75 | 3.00 | -.41 | -.69 | -1.67 | 7.50 | -.37 | -.54 N | NE | -52.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 17.13 | 16.13 | 16.88 | .00 | .00 | 24.50 | 12.13 | -.33 | .21 | -2.60 | -.79 | .40 | .09 Q | 27.2 | 57.0 | 5.9 | 40.2 | .00 | .0 | 10-13-82 | 40.8 | 2.4 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 33.75 | 31.75 | 33.00 | 1.00 | 3.13 | 34.13 | 12.31 | -.02 | -.67 | -1.92 | 1.60 | 1.32 | .29 Q | 24.5 | 23.0 | 4.0 | 22.4 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Lubys Cafe | LUB | 33.25 | 32.25 | 33.00 | .00 | .00 | 35.00 | 21.50 | .06 | .17 | 2.61 | -19.11 | 1.35 | .18 N | 13.8 | 30.0 | 9.1 | 22.3 | .60 | 1.8 | 09-02-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0682 |
| Marcus Corp | MRCS | 13.50 | 12.75 | 13.50 | .75 | 5.88 | 15.13 | 6.75 | -.05 | .48 | -4.60 | -36.75 | 1.28 | .15 F | 13.2 | 5.0 | 6.1 | 10.5 | .25 | 1.9 | 07-01-83 | 108.9 | 6.6 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 76.50 | 74.00 | 75.88 | 1.13 | 1.51 | 81.00 | 43.00 | .01 | -.01 | -.32 | -24.27 | 3.44 | .43 S | 13.0 | 37.0 | 3.7 | 20.4 | .36 | .5 | 09-19-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonalds Cp | MCD | 63.38 | 57.38 | 62.25 | 3.88 | 6.64 | 74.50 | 53.38 | .02 | .27 | -1.88 | 1.82 | 5.00 | .63 S | 13.4 | 23.0 | 11.1 | 11.7 | 1.00 | 1.6 | 05-24-83 | 2715.2 | 300.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 20.00 | 17.50 | 19.88 | 1.88 | 10.42 | 21.06 | 11.44 | -.19 | 1.25 | 2.69 | 37.04 | 1.34 | .24 F | 21.8 | 11.0 | 4.4 | 14.8 | .40 | 2.0 | 08-01-83 | 421.5 | 18.7 | 1.4 | 2.81 | 7.52 | 0582 |
| Mr Steak | MSST | 8.88 | 8.50 | 8.88 | .38 | 4.41 | 10.50 | 1.88 | -.44 | .44 | -2.10 | 30.57 | -.98 | -.17 N | NE | -38.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 2.75 | 1.91 | 2.75 | .84 | 44.26 | 2.75 | .94 | .96 | 6.63 | 5.33 | -8.06 | .09 | .06 F | 200.0 | 34.0 | 1.1 | 30.6 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 21.75 | 17.75 | 20.63 | .88 | 4.43 | 32.75 | 10.31 | -1.68 | -.80 | 2.45 | -29.42 | .70 | .11 F | 18.6 | 162.0 | 3.6 | 29.5 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 17.00 | 15.50 | 16.00 | -1.00 | -5.88 | 18.50 | 10.00 | -.18 | -2.44 | 5.71 | 65.00 | .69 | -.81 N | -90.0 | -10.0 | .4 | 177.8 | .32 | 2.0 | 06-09-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 5.75 | 5.50 | 5.50 | .00 | .00 | 7.88 | 4.38 | -.28 | -.52 | -1.91 | -37.31 | -.25 | -.41 N | -273.3 | 17.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0682 |
| Peoples Rest | PEPL | 13.00 | 11.63 | 12.75 | .50 | 4.08 | 15.13 | 5.75 | -.32 | -.52 | 5.00 | -18.10 | .28 | .09 F | 47.3 | 771.0 | 7.0 | 45.5 | .00 | .0 | 00-00-00 | 27.3 | 1.9 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 13.75 | 12.75 | 13.63 | .25 | 1.87 | 18.13 | 12.75 | -.85 | .66 | 2.75 | 6.99 | .99 | -.40 F | -28.7 | 7.0 | 3.9 | 13.8 | .60 | 4.4 | 09-09-83 | 152.7 | 6.0 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 14.00 | 12.88 | 13.13 | -.88 | -6.25 | 17.50 | 4.22 | -.66 | -1.71 | -2.68 | 7.24 | .55 | -.44 S | 97.7 | 5.0 | 1.3 | 14.7 | .04 | .3 | 07-12-83 | 135.1 | 1.7 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 16.25 | 12.75 | 14.75 | 1.25 | 9.26 | 27.00 | 12.00 | -.14 | -2.38 | 1.09 | -36.69 | 1.27 | -.81 S | -75.7 | 268.0 | 7.6 | 56.7 | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 20.25 | 16.88 | 19.00 | 2.13 | 12.59 | 25.25 | 13.00 | -.59 | -1.74 | 1.90 | -20.11 | 1.50 | .13 S | 9.1 | -3.0 | 2.8 | 12.3 | .33 | 1.7 | 06-08-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 10.50 | 9.13 | 9.75 | -.50 | -4.88 | 11.88 | 4.25 | -.39 | -2.06 | -2.61 | 20.38 | -.73 | -.45 S | NE | -38.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 547.5 | -19.8 | .6 | 18.50 | 5.12 | 1282 |
| Restaur Assc | RA | 9.25 | 8.75 | 9.00 | .50 | 5.88 | 11.38 | 3.88 | .02 | .14 | -.85 | -5.34 | .77 | .06 S | 9.2 | 40.0 | 1.8 | 12.7 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 26.00 | 22.50 | 26.00 | 2.25 | 9.47 | 28.25 | 3.44 | -.11 | 1.07 | 3.40 | .19 | .33 | .07 S | 21.8 | 89.0 | 10.6 | 66.7 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 35.63 | 33.63 | 33.63 | -.88 | -2.54 | 40.25 | 14.63 | -.32 | -.81 | -.16 | -2.46 | 2.19 | .51 F | 30.3 | 98.0 | 2.3 | 15.4 | .36 | 1.1 | 06-02-83 | 978.8 | 22.4 | .9 | 4.26 | 8.86 | 0682 |
| Sandwich Chef | SHEF | 14.25 | 12.00 | 14.25 | 2.50 | 21.28 | 15.50 | 11.50 | -.21 | 2.88 | 6.56 | 15.03 | .70 | .70 F | NC | 30.0 | 4.5 | 20.4 | .00 | .0 | 00-00-00 | 20.2 | .9 | .6 | .50 | 3.42 | 0682 |
| Sea Galley | SEAG | 13.25 | 11.50 | 12.00 | -1.38 | -10.28 | 15.00 | 5.50 | -.04 | -.16 | 1.00 | -32.07 | .02 | -.91 Q | -135.8 | -12.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 16.13 | 15.69 | 16.00 | -.13 | -.78 | 17.94 | 7.50 | .20 | .12 | .23 | -51.20 | .67 | -.40 S | -41.6 | 27.0 | 1.5 | 28.6 | .00 | .0 | 09-09-83 | 138.1 | 2.1 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoneys Inc | SHON | 23.50 | 23.00 | 23.25 | -.13 | -.53 | 27.38 | 14.63 | -.12 | -.31 | 1.28 | 31.95 | .86 | .25 S | 34.7 | 28.0 | 5.1 | 24.0 | .15 | .6 | 10-03-83 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Sizzler Rest Intl | SIZZ | 13.25 | 11.25 | 13.25 | 1.75 | 15.22 | 16.25 | 8.50 | .03 | -.02 | 3.00 | -43.38 | .59 | .96 S | NC | 8.0 | 2.5 | 13.8 | .00 | .0 | 00-00-00 | 113.7 | 2.8 | 1.0 | 2.33 | 4.63 | 0482 |
| Skippers | SKIP | 12.75 | 12.25 | 12.75 | .25 | 2.00 | 15.50 | 4.16 | -.58 | .08 | -.68 | -33.17 | .48 | .46 S | 135.2 | 19.0 | 2.6 | 15.9 | .08 | .6 | 03-31-83 | 38.1 | 1.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTZ | 15.50 | 15.00 | 15.50 | .50 | 3.33 | 16.50 | 13.50 | -.33 | .35 | -2.59 | .00 | .28 | -.14 S | -21.5 | -1.0 | .9 | 30.4 | .20 | 1.3 | 06-13-83 | 80.1 | .7 | 1.1 | 26.22 | 9.51 | 1282 |
| So Hospitality | SHOS | 5.25 | 5.00 | 5.00 | -.25 | -4.76 | 7.50 | 1.38 | -.73 | -.26 | 6.90 | 23.14 | .27 | .08 F | 42.1 | 111.0 | 3.8 | 18.5 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | 1.0 | 2.29 | -.20 | 0582 |
| Steak n Shake | STAK | 8.38 | 8.00 | 8.38 | .13 | 1.52 | 9.25 | 2.63 | -.18 | .08 | .47 | -19.65 | .18 | .15 N | 166.6 | -12.0 | 1.4 | 34.9 | .00 | .0 | 05-17-79 | 57.2 | .8 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 9.25 | 8.63 | 9.25 | .63 | 7.25 | 13.63 | 5.00 | -.62 | -.31 | -4.64 | -5.23 | -2.39 | -2.76 Q | -725.0 | -79.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 16.38 | 14.88 | 15.88 | .75 | 4.96 | 19.63 | 12.09 | -.16 | .52 | -.34 | -9.33 | 1.13 | .15 S | 14.2 | 22.0 | 7.3 | 13.2 | .24 | 1.5 | 08-08-83 | 604.3 | 44.1 | .8 | 2.53 | 6.50 | 1282 |
| Webb Del E | WBB | 18.38 | 16.38 | 18.38 | 1.38 | 8.09 | 25.00 | 6.38 | -.46 | .55 | 1.11 | 22.61 | .16 | .38 S | NE | -23.0 | .5 | 612.5 | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 13.25 | 13.25 | 13.25 | .00 | .00 | 17.50 | 8.00 | -.09 | -.29 | -2.90 | -8.08 | .92 | -.08 Q | -7.5 | 6.0 | 3.1 | 13.5 | .16 | 1.2 | 08-29-83 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 14.25 | 14.00 | 14.00 | .00 | .00 | 17.13 | 8.16 | -.47 | -.52 | -.43 | 15.35 | .63 | .01 S | 1.6 | 11.0 | 2.6 | 23.0 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

# FINANCIAL NEWS

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| **Bob Evans Farms Restaurant div.** | 3 mos. | 7/29 | $ 30.0 | 15.0 | | | $2.500 | 13.0 |
| **Piccadilly Cafeterias** | 3 mos.<br>12 mos. | 6/30 | 39.0<br>152.7 | 5.0<br>7.0 | | | 0.908<br>6.000 | (37.0)<br>(28.0) |
| **Calny** | 3 mos. | 5/21 | 8.1 | 24.0 | | | 0.291 | 30.0 |
| **Esteban's Mexican Foods** | 3 mos.<br>6 mos. | 7/2 | 2.4<br>4.7 | 43.0<br>51.0 | | | 0.102<br>0.082 | —<br>— |
| **Family Entertainment** | 3 mos.<br>6 mos. | 7/3 | 5.8<br>11.1 | 148.0<br>190.0 | | | 0.240<br>0.515 | —<br>— |
| **Pizza Inn** | 3 mos.<br>6 mos. | 6/26 | | | $37.4<br>72.4 | 7.5<br>4.9 | 1.000<br>2.000 | 127.0<br>121.0 |
| **Taco Viva** | 12 mos. | 5/31 | 15.7 | 29.0 | | | 0.804 | 63.0 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Pizza Inn profit increases 127%

DALLAS—Pizza Inn reported that profit for the second quarter ended June 26 increased 127% over the same quarter last year, from $443,000 to $1 million.

Company revenues for the quarter went up 7.5%, from $34.7 million to $37.4 million.

Meanwhile Pizza Inn this month completed the sale of convertible subordinated debentures, at 10% and $16.75 a share, for a total of about $10 million.

R. D. Phillips Sr., financial vice president, said the money would be used for expansion of both Pizza Inn and the company's newest restaurant concept, J. T. McCord's.

For the first six months of this fiscal year Pizza Inn reported net profits of $2 million, a 121% increase over last year's $885,000. Revenues for the six months were up 4.9% to $72.4 million from $69 million last year.

In addition, chairman and president F. J. Spillman reported that average sales at company-operated restaurants during the first half of the year were up about 11% over the same period last year.

He also reported that food costs, as a percentage of sales, were down 3% during the first half.

# Max & Erma's makes offering

COLUMBUS, Ohio—Max & Erma's Restaurants, an 11-unit chain of elaborate pub-dinnerhouses, is seeking to raise up to $6 million to simplify a myriad of interlocking partnerships.

The chain grew and developed by raising money through private partnerships. But since the company went public late last year, the wide variety of ownership agreements has apparently confused investors and stunted earnings.

Max & Erma's, therefore, has filed with the U.S. Securities and Exchange Commission to sell 300,000 units at $18 to $20 each. Each unit consists of two shares of stock and one warrant.

In addition, the proceeds would be used to build two more Max & Erma's, pay down debt and expand and improve some existing units.

But about $1.8 million will be used to buy out partners. The company says the move will improve its cash flow and cut administrative expenses.

If Max & Erma's had not had partners, according to its pro forma adjustments, its net profits for the 28-week period ended May 15 would have been $26,000 higher at $177,000.

The restaurants, located largely in the Ohio Valley, feature an eclectic Americana decor, with lots of antiques, brass and mahogany. They may range as large as 15,000 sq. ft., seat 200 diners and gross $1.3 million, 34% of which comes through the bar.

After the equity sale, the key officers' stake in the firm would decline to about 40% from 63% of the company. Barry Zacks, chairman, chief executive and founder, would hold 30% of the company's stock, down from 47%.

# Esteban's Mexican Foods reverses loss in first half

MINNEAPOLIS—Esteban's Mexican Foods reported a profit of $101,724 for the second quarter, ended July 2, compared to a loss of $78,630 in the same period last year.

Sales for the quarter increased 43% to $2.4 million, from $1.69 million last year.

The company also sells food products under the trade name Charrito. This division accounted for 24% of the company's total sales during the first six months of this year. Last year during that period it accounted for 19%.

Profits for the first six months were $82,236, compared to a loss last year of $157,075. Sales through July 2 increased 51% to $4.7 million, from $3 million during the same period last year. R. Stephen Tanner, chairman and president, said sales' gains were due to an increased number of operating restaurants.

Moreover, tighter administrative cost controls, Tanner said, resulted in improved operating profits during the quarter.

# HoJo testing new concepts, recasting others

*(Continued from page 1)*

ny officials are said to expect the changes to generate per-unit sales growth of better than 15% on the current base of $1 million a store.

Long awaited change appears to be rolling along at the Howard Johnson restaurant group, too. About 800 Howard Johnson restaurants are still open, 490 regular company-owned units plus 86 on turnpikes and an additional 225 licensed orange roofs.

This fall a new Howard Johnson restaurant prototype, designated "Up and Away" in company planning sessions and menu mock-ups will open in six locations.

Exterior changes are expected to be most critical: addition of greenhouses, sunroofs and likely elimination of the traditional orange roofs.

One division executive, noting spending of $150 million in the last seven years, mostly for redoing interiors, said, "We spent all that money, but we didn't tell the public we were doing anything different."

At Howard Johnson's 500-unit, 60,000-room motor lodge system (11,000 rooms in company-owned lodges), a refurbishment program this year and next is supposed to help shift the system from its traditional family dominated guest mix to one with a greater share of commercial travelers.

This fiscal year $11 million is going into the revamp at company lodges; for next year $15 million is budgeted.

A year-old program of segregating whole floors of lodges for traveling businessmen and providing them with special amenities, including free breakfast, for $4-$5 extra a night, is also spreading through the system.

The sales and market share growth overall company strategy aims at generating is necessary, observers say, not only to avoid a repeat of a period of earnings stagnation just now ending, but also to yield a satisfactory return to Britain's Imperial Group, which acquired Howard Johnson at the end of 1980 in a $630 million deal.

Russo and other officials noted that while primary growth is still expected to come from Ground Round, with about 10% unit expansion per year scheduled, and from the company's newly formed full-service hotel group, extensive real estate holdings make a continuing necessity of opening up options for redeployment of assets involved in current operations.

He said current thinking at Howard Johnson under Michael Hostage, who became chairman and president of the company almost two years ago, is that "concept evaluation" is a continuous process.

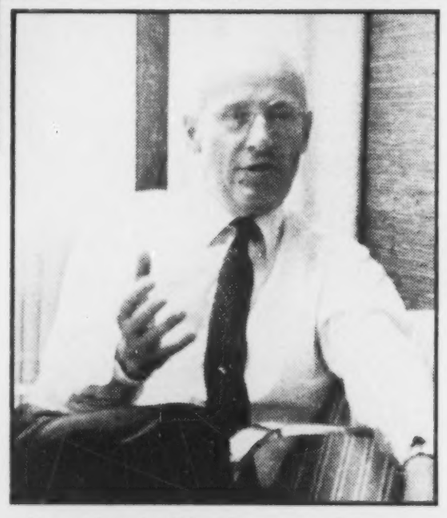
"There is no comfort zone," Russo said. "When you begin to take your eye off the target in terms of becoming comfortable with menu and concept, you're in trouble."

The Hostage-directed revamp of the company has not only concerned itself with restaurants and lodges.

A "zero-based" review of the company's extensive manufacturing and distribution operations, considering on a line by line basis whether the least cost to Howard Johnson was to make or buy has resulted in plant closings in Miami and in Queens Village, N.Y., in recent months.

Manufacturing facilities remain in Brockton, Quincy, and Braintree, Mass., and Baltimore.

Manufacturing of products the company specializes in such as ice cream, fried clams, shrimp and prebreaded fried chicken continues. Processing of products like ham and bacon that can be bought outside more efficiently has been stopped.



**First Bumbershoots unit in Framingham, Mass. (above). Robert M. Hamilton, (inset) sr. vp purchasing, manufacturing and distribution.**

Distribution continues from Howard Johnson centers in Atlanta, Baltimore, Cleveland, Chicago, Brockton and Bedford, Mass. But other distributors are now used too and items bought outside are taken f.o.b. the suppliers plant and least-cost trucking arranged from that point.

With the refurbishment of lodges and the full-service hotel expansion getting under way, business for the company's Landmark Supply, hotel furnishings and equipment supply arm is expected to be healthy.

The company is also taking some steps toward building a food-service management business, using its extensive vending operations as a base.

As a first step, vending operations were combined with tollway restaurants and gift shops administratively so that the operation could draw on some restaurant expertise.

The pitches have been successful in a number of cases, according to group vice president John K. Delahunt Jr.

While Howard Johnson's final slipping of the wraps off some concrete business plans will be to many the most colorful and interesting part of changes going on at the company, most important to the success of all the new and repositioned restaurant and lodging concepts and other business lines may be some major changes in personnel administration at the company.

Most significant among these are a reduction in the work week for Ground Round managers and some orange roof managers, a boost in incentives for lower level Howard Johnson restaurant and Ground Round managers, the addition of better than 100,000 man hours of labor to the orange roof restaurants, a program giving adjacent lodges and restaurants one general manager and a "Certification Program" for Howard Johnson restaurant and lodge employees who come into contact with the public.

The Certification Program is a system designed to eliminate or avoid hire of employees with a tendency to be rude to customers and to educate out of others nonservice-oriented attitudes. The program has already resulted in some terminations and the company has high hopes for it.

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SPECIAL MUFSO ISSUE

- *Full Preview of '83 Conference—Pages 167-170*
- *Los Angeles Market Study—Pages 95-157*

Nation's
# Restaurant News®

*The Newspaper of the Food Service Industry*

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**Red Robin Enterprises of Seattle (top) and Houston-based Spoons (recently acquired by Saga) are among the growing number of "gourmet" burger chains capturing attention.**

# Industry smells gold in 'gourmet' burgers

**By Joe Edwards**

"Gourmet" hamburger chains merchandising value, quality and ambience as much as their signature menu items are emerging as one of the hottest food-service concepts of 1983.

Filling a void in the market, this new breed of casual 'adult' fast-food restaurants is aimed at a wide mix of customers who were weaned on fast food but are thought to be growing tired of it.

Throughout the country and particularly in Texas, small "gourmet" burger chains are blossoming in a segment traditionally served by single-unit independent operators or unusual, privately held chains such as Beverly Hills-based Hamburger Hamlet.

The big difference now is these small but expansion-minded chains are attracting the attention of giant food-service corporations that are rushing to acquire chains with promise or develop their own imitation concepts.

Spurned by Dallas-based Chili's after two years of courtship, Pillsbury is testing a "gourmet" burger concept called J. J. Muggs in Florida

Saga Corp. picked up the five-unit, Houston-based Spoons, itself a Chili's clone, after Chili's turned down Saga's $35 million acquisition bid in June. W. R. Grace in April bought T. J. Applebee's and has opened a third unit. Pizza Inn is expanding its two-unit J. T. McCord's and Chart House is testing a concept called Moxie's.

Meanwhile, Red Robin Enterprises of Seattle is changing the menu and stepping up franchising for its 17-unit Red Robin Burger & Spirits Emporium; Sea Galley is developing a concept called Flakey Jake's, and Marno McDermott, Chi-Chi's founder, is getting ready to expand San Antonio-based Fuddrucker's.

*New "gourmet" burger concept making big splash in Texas, story top of p. 3.*

"When I put Chili's together, I didn't think we'd be this big," exclaims 39-year-old founder Larry Lavine who has spent a lot of time in recent months pouring over acquisition offers from numerous corporations and individuals. "But five years from now we'll be all over the country." Lavine has decided to hold onto the 25-unit Chili's.

*(Continued on page 199)*

# Denny's to acquire Mex chicken chain

**By Richard Martin**

LOS ANGELES—Denny's Inc. has bid to acquire the $1 million per unit El Pollo Loco chain of Mexican chicken barbecues—one of the fastest growing new fast-food concepts to hit the Los Angeles market in years.

Under terms of a definitive agreement with 19-unit El Pollo Loco, Denny's will buy the Los Angeles-based chicken chain and worldwide expansion rights outside of Mexico, where the United States licensee's parent company operates 92 units in 20 cities.

Terms of the proposed cash transaction were not immediately disclosed, but a Denny's spokesman said the purchase price would likely fall in the $15 million to $20 million range.

(An unusual twist has spiced the deal with intrigue. *Nation's Restaurant News* has learned that Humberto Galvez and Harry Franklin, described as key principals of El Pollo Loco, have been missing from headquarters for months and their whereabouts are unknown.)

Pending finalization of the buy out, Denny's corporate and restaurant division staff have already moved to integrate the new division into Denny's financial and control systems. Managers of El Pollo Loco's five company-owned units, and owners of its 14 franchised outlets, have been processed through a "parental" orientation at the company's La Mirada, Calif., headquarters.

El Pollo Loco was founded in 1975 by Juan Pancho Ochoa, when he set up a roadside grill operation in the Pacific Coast town of Guasave, Sinaloa province, 1,000 miles south of Los Angeles. The chain had grown to 80 locations in Mexico when, in 1980, a division was established in Los Angeles.

The company's first fast-food unit in Los Angeles (a modern, 2,300-sq.-ft. shop with seating for 42) is now doing annual sales

*(Continued on page 238)*

**Los Angeles-based El Pollo Loco, with annual unit sales around $1 million, could play a starring role in Denny's future.**

*Acquisition of Godfather's pending*

# Chart House seeks pizza power

**By Donald Frazier**

LAFAYETTE, La.—Chart House, the largest franchisee in the Burger King system and the operator of several dinnerhouse chains, has joined forces with the number two operation in the pizza market, Godfather's.

The resulting company will be one of the most prominent in the food service industry, with activities in several diverse segments ranging from fast food to steakhouses.

The deal, to be ratified soon, calls for Chart House to acquire the Omaha-based company for stock worth more than $306 million, according to a spokesman for the restaurant group.

Godfather's founder and chairman Willie Theisen will become vice chairman of Chart House, the company's largest single shareholder and with stock worth more than $125 million, one of the wealthiest individuals in the industry.

His company, with sales of more than $312 million for 1982, can nearly double the size of Chart House, which posted 1982 revenues of $382 million.

The acquisition adds a growth vehicle with an established track record to the Chart House stable of restaurant concepts. Godfather's, one of the industry's success stories of recent years, grew from a single unit to 836 units in 10 years, making the company the top challenger to pizza segment leader, Pizza Hut.

*(Continued on page 237)*

## LATE NEWSBREAKS

**Norman Brinker, Chili's chairman and former chairman of S&A Restaurants, has signed up four key executives from his old company. They are Eugene Knippers, who had been a Southeast development vp for S&A, as partner in an Atlanta-based joint venture deal; Chris Sullivan, who headed S&A's Bennigan's restaurants, and Robert Basham, Bennigan's operations vp, as executives in the Atlanta venture; Richard Spellman, S&A legal counsel, in a similar capacity with Chili's, and Ron McDougall, S&A marketing vp and briefly Burger King marketing vp, as Chili's marketing vp.**

**The 800-room Century Plaza Hotel in Los Angeles was sold out at presstime for *Nation's Restaurant News'* 24th annual Multi-Unit Food-Service Operators (MUFSO) conference Oct. 9-12. The overflow of a record almost 1,000 attendees is being accommodated at nearby hotels. (Earlier stories, Pages 167-170.)**

# Stouffer's now gunning for upscale hotel market

SOLON, Ohio—Stouffer Hotels is repositioning itself for a share of the upscale lodging market, opening what it terms "world-class properties" such as the Waverly in Atlanta and the Breckenridge Concourse in St. Louis.

Dramatic public spaces, eclectic restaurants and lounges and an array of guest services that include posh top-floor concierge levels characterize the new-look Stouffer hotels.

It's quite a change for the Ohio-based lodger that has a reputation for operating staid and somewhat unexciting inns in a handful of markets around the country.

By shifting direction, Stouffer Hotels is going after a segment dominated by such razzle-dazzle chain giants as Hyatt and Marriott. And by 1990, officials say, Stouffer will have 50 properties compared to the 20 it now operates.

"We have grown in both quantity and quality of hotels and guest services and we are continuing in that direction," explains Stouffer hotel division president William Hulett.

Stouffer's repositioning move is not unusual in the struggling hospitality industry. The chain's traditional competitors—Holiday Inn, Ramada Inn and other midpriced chains—have been rushing to develop upscale hotels at airport and suburban commercial sites and in downtown locations.

Several lodging chains are

*(Continued on page 238)*

FINANCIAL NEWS

# BK surge bolsters 1st-qtr. profits at Pillsbury

MINNEAPOLIS—Pillsbury's earnings surged more than the projected 25% in fiscal 1984's first quarter mainly due to the strong gains registered by Burger King, Steak & Ale and Bennigan's, company officials said.

While not releasing figures for the first quarter (June, July and August), company officials told stockholders at last month's annual meeting that operations alone led to the rise in profits.

The diversified food-products company expects restaurants to contribute 47% of operating profits in fiscal 1984, based on first quarter results. First quarter earnings a year ago were $25.6 million on $806 million sales.

Officials said Pillsbury's 1984 capital spending budget of $290 million will go mostly to expanding Burger King by 300 units and Bennigan's by 40 units.

Burger King's comparative advertising campaign launched a year ago has "helped immeasurably" to improve the chain's sales, according to Winston R. Wallin, Pillsbury's president and chief operating officer.

"Average sales of Burger King restaurants are running 20% above what they were just two years ago, a remarkable achievement," Wallin said. "Unit sales are drawing close to the $1 million mark and an important change in share of market is occurring."

Wallin continued: "I simply cannot emphasize how important this renewed vitality of Burger King is to Pillsbury. The leverage in this business is enormous and we are now seeing the results of these additional sales in our bottom line."

In the first two months of fiscal 1984, real store sales (total sales minus price increases) at Burger King were up about 12% over the same period a year earlier, continuing a trend that started a year ago when Burger King's "battle of the burgers" ad campaign began.

Average unit sales at Burger King reached $838,000 in fiscal 1983 and operating profit margins at comparable units reached 15.2%.

Bennigan's "continued to achieve excellent returns on invested capital" and posted real sales gains, Wallin said. Average unit sales are about $2.4 million at the 109 Bennigan's.

The 175-unit Steak & Ale chain posted 10% real average unit sales gains, Wallin said, adding that "profitability is excellent and a modest expansion program is under way."

J. J. Muggs, a two-unit "gourmet" burger chain Pillsbury's Steak & Ale Restaurant Corp. is testing in Florida, could "follow Bennigan's as the next growth vehicle," Wallin said. The newly acquired Häagen-Dazs ice cream chain will be expanded domestically and overseas from its 250-unit base.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Sept. 23 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Change Amt | Change Pct | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt | Pct | | | Latest P/E Ratio | Amt | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| | | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 7.00 | 6.25 | 7.00 | .63 | 9.80 | 7.88 | 5.00 | .28 | .99 | 4.81 | -16.10 | .05 | .10 N | 500.0 | -8.0 | .3 | 58.3 | .00 | .0 | 01-06-81 | 37.1 | .1 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 32.25 | 30.75 | 32.13 | .63 | 1.98 | 38.50 | 19.38 | -.27 | .33 | -.15 | -32.95 | 2.52 | .42 F | 20.0 | 53.0 | 7.9 | 12.7 | .25 | .8 | 08-10-83 | 175.1 | 13.9 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 53.75 | 50.25 | 52.00 | .00 | .00 | 55.00 | 31.25 | .24 | -.32 | -.36 | 1.41 | 3.43 | .52 N | 15.0 | -2.0 | 1.4 | 13.1 | 2.05 | 3.9 | 08-26-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 16.75 | 16.00 | 16.25 | -1.00 | -5.80 | 18.50 | 3.66 | -.01 | -1.07 | -4.30 | -21.67 | .39 | .13 N | 30.9 | -7.0 | 2.2 | 29.5 | .12 | .7 | 07-05-83 | 78.6 | 1.7 | 1.6 | 4.40 | 5.05 | 0982 |
| Beefsteak Char | BCS | 7.13 | 5.38 | 5.75 | -1.25 | -17.86 | 9.75 | 4.50 | -.38 | -4.24 | 2.85 | -10.83 | .88 | -.28 N | -35.4 | 32.0 | 3.7 | 11.3 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 23.75 | 22.75 | 23.75 | .16 | .66 | 26.81 | 14.41 | -.40 | .15 | 1.40 | -32.31 | .89 | .07 Q | 8.2 | 23.0 | 6.9 | 25.8 | .26 | 1.1 | 09-19-83 | 187.5 | 13.0 | 3.0 | .00 | 5.54 | 0483 |
| Bonanza Intl Inc | BNZA | 7.38 | 6.13 | 6.13 | -1.25 | -16.95 | 7.38 | 1.75 | -.10 | -2.32 | -.78 | -18.22 | .11 | 3.06 S | NE | -85.0 | 3.1 | 30.6 | .00 | .0 | 00-00-00 | 16.1 | .5 | 1.6 | 9.70 | 1.67 | 1282 |
| Brock Hotel Cp | BHC | 8.38 | 7.00 | 7.38 | -.63 | -7.81 | 14.00 | 6.88 | -.03 | -1.76 | 3.53 | -41.35 | .55 | -.54 S | -76.0 | 4.0 | 2.8 | 43.4 | .10 | 1.4 | 06-13-83 | 255.6 | 7.1 | 1.1 | 16.64 | 4.38 | 1282 |
| Calny Food | CLNY | 15.00 | 14.25 | 14.25 | -.75 | -5.00 | 17.25 | 6.66 | -.15 | -.96 | 3.23 | 47.00 | .80 | .14 Q | 20.2 | 8.0 | 4.6 | 17.2 | .20 | 1.4 | 07-27-83 | 30.2 | 1.4 | .4 | 3.71 | 2.24 | 0283 |
| Captain Crabs | CRAB | 8.13 | 7.00 | 7.00 | -1.25 | -15.15 | 8.38 | 1.00 | .63 | -3.34 | -1.65 | 22.68 | .00 | .00 N | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0882 |
| Carrols Cp | CRL | 11.88 | 10.63 | 10.75 | -.75 | -6.52 | 11.88 | 2.19 | .76 | -1.27 | -.91 | -14.38 | .50 | .28 F | 127.2 | 437.0 | 3.6 | 21.5 | .06 | .6 | 08-29-83 | 85.2 | 3.1 | .6 | 3.28 | 2.00 | 0582 |
| Chart House | CHHO | 37.25 | 34.63 | 36.63 | 2.25 | 6.55 | 37.75 | 20.63 | .37 | -.73 | 3.66 | 13.41 | 2.08 | .09 S | 4.3 | 15.0 | 4.9 | 16.9 | .60 | 1.6 | 09-20-83 | 382.0 | 18.7 | 1.0 | 9.21 | 13.12 | 1282 |
| Chi-Chis | CHIC | 37.75 | 36.88 | 37.25 | .13 | .34 | 37.75 | 14.00 | .24 | -.54 | -2.43 | -34.61 | .59 | .34 Q | 100.0 | 456.0 | 9.4 | 54.8 | .00 | .0 | 12-20-82 | 94.2 | 8.9 | 2.6 | 2.81 | 2.43 | 0483 |
| Ch Full O Nut | CHF | 20.25 | 18.88 | 20.13 | .00 | .00 | 24.38 | 12.50 | -.09 | .54 | -.01 | -21.90 | .64 | .23 F | 56.0 | -3.0 | 2.9 | 31.4 | .50 | 2.5 | 07-15-83 | 111.6 | 3.2 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 24.50 | 22.00 | 23.38 | -.88 | -3.61 | 33.50 | 20.59 | -.70 | -.35 | 4.47 | 13.20 | 2.19 | -.06 S | -2.6 | 14.0 | 10.1 | 10.5 | .72 | 3.1 | 07-25-83 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 3.88 | 3.75 | 3.75 | -.13 | -3.23 | 4.00 | 3.00 | -.02 | -.86 | -3.34 | -42.62 | .13 | .46 S | NE | 87.0 | 2.1 | 12.9 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 18.88 | 17.75 | 18.38 | .00 | .00 | 19.84 | 10.59 | .19 | -.48 | -4.63 | -7.44 | 1.47 | .32 Q | 26.0 | 29.0 | 3.8 | 11.9 | .20 | 1.1 | 09-23-83 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Consul Corp | CNSL | 18.75 | 18.00 | 18.50 | .25 | 1.37 | 18.75 | 8.00 | .35 | -.35 | 1.31 | 4.49 | .26 | .33 Q | NE | 133.0 | 2.5 | 59.7 | .00 | .0 | 00-00-00 | 32.4 | .8 | .7 | 2.21 | 2.88 | 0582 |
| Cracker Barrel | CBRL | 22.50 | 21.50 | 22.50 | .75 | 3.45 | 27.34 | 7.16 | -.18 | -.06 | -4.75 | -6.61 | .86 | .17 F | 24.6 | 29.0 | 4.4 | 26.2 | .14 | .6 | 08-30-83 | 45.7 | 2.0 | 1.9 | 3.57 | 4.46 | 0782 |
| Dennys Inc | DEN | 33.00 | 29.00 | 32.25 | 2.25 | 7.50 | 36.88 | 26.38 | -.20 | -.23 | 3.17 | .46 | 2.54 | .14 F | 5.8 | 11.0 | 3.8 | 12.7 | .72 | 2.2 | 09-02-83 | 1054.6 | 40.2 | 1.4 | 15.81 | 15.02 | 0682 |
| Dunkin Donuts | DUNK | 24.38 | 23.63 | 24.38 | .13 | .52 | 28.75 | 13.59 | .36 | .31 | -2.81 | -9.94 | 1.40 | .22 N | 16.2 | 25.0 | 9.4 | 15.5 | .28 | 1.1 | 08-15-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 26.25 | 23.75 | 26.25 | 1.63 | 6.60 | 26.88 | 9.63 | .04 | 1.99 | -2.20 | 47.37 | 1.92 | .12 F | 6.6 | 22.0 | 3.7 | 13.7 | .40 | 1.5 | 09-28-83 | 110.6 | 4.1 | 1.3 | 5.95 | 15.14 | 0583 |
| Godfathers Pizza | GFPZ | 20.38 | 19.00 | 19.63 | -2.25 | -10.29 | 25.50 | 12.38 | .33 | -1.19 | 5.13 | -87.31 | .65 | -.01 S | -1.5 | 115.0 | 15.8 | 30.7 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Hambrg Hamlet | HAMB | 11.50 | 11.00 | 11.00 | -.50 | -4.35 | 12.00 | 5.75 | -.41 | -1.36 | 3.25 | -23.75 | -1.10 | -2.45 F | -181.4 | -22.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | .7 | 20.45 | 13.07 | 0382 |
| Hardwicke | HAWK | .63 | .63 | .63 | .00 | .00 | 2.00 | .63 | -1.46 | .00 | -1.61 | -34.78 | -12.59 | -9.67 Q | NE | -137.0 | -89.4 | NE | .00 | .0 | 00-00-00 | 27.4 | -24.5 | .3 | 12.03 | -4.31 | 0982 |
| Hilton Hotels | HLT | 56.88 | 54.75 | 56.00 | 1.38 | 2.52 | 60.25 | 34.88 | -.06 | -.40 | -.47 | -2.64 | 3.04 | -.83 S | -22.0 | 8.0 | 14.4 | 19.0 | 1.80 | 3.2 | 08-29-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 56.50 | 51.50 | 56.50 | 3.50 | 6.60 | 59.00 | 31.00 | .09 | .77 | -2.96 | -27.34 | 2.50 | .16 S | 5.8 | 13.0 | 6.8 | 19.6 | .84 | 1.5 | 09-12-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 29.38 | 26.50 | 26.75 | -.13 | -.47 | 32.34 | 11.69 | .59 | -2.12 | -.57 | -21.04 | .74 | .37 S | 62.7 | 952.0 | 2.8 | 27.9 | .00 | .0 | 07-12-83 | 235.4 | 6.6 | 1.1 | 9.46 | 4.77 | 1282 |
| Hungry Tiger | HTIG | 10.00 | 9.63 | 10.00 | -.25 | -2.44 | 12.25 | 5.34 | .32 | -.33 | .19 | 8.19 | .78 | -.21 N | -25.9 | 17.0 | 3.8 | 16.7 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Impenal Grp | IMT | 1.81 | 1.63 | 1.81 | .13 | 7.41 | 2.06 | 1.56 | -.21 | -1.48 | -1.51 | 2.94 | .47 | -.10 S | -17.2 | 6.0 | 2.6 | 3.8 | .11 | 6.1 | 09-27-83 | 7742.8 | 198.3 | 1.1 | .54 | 1.92 | 1082 |
| Intl Dairy Queen | INDQ | 35.00 | 33.50 | 35.00 | 2.50 | 7.69 | 40.00 | 16.25 | -.10 | .02 | 2.13 | -34.04 | 2.17 | .68 S | 36.7 | 62.0 | 6.3 | 13.8 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 21.50 | 19.75 | 20.25 | -.50 | -2.41 | 22.94 | 3.00 | -.08 | -.86 | -3.36 | -15.46 | .92 | .72 F | 360.0 | 696.0 | 4.8 | 22.0 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .3 | 2.46 | 2.26 | 0682 |
| JBs Rest | JBBB | 16.63 | 16.25 | 16.50 | -.25 | -1.49 | 18.13 | 6.63 | .00 | -.36 | 5.06 | 18.09 | .93 | .21 N | 25.3 | 12.0 | 3.5 | 15.9 | .20 | 1.2 | 08-08-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 20.63 | 19.38 | 19.38 | -.25 | -1.27 | 23.50 | 16.75 | .48 | -.88 | -.78 | 12.09 | 1.33 | -.07 F | -5.0 | 27.0 | 4.6 | 14.6 | .12 | .6 | 08-18-83 | 454.1 | 21.0 | .9 | 2.91 | 8.99 | 0682 |
| Kapok Tr Inns | KTI | 8.38 | 6.63 | 6.63 | -1.63 | -19.70 | 10.75 | 3.00 | -.70 | -5.27 | 2.61 | 24.75 | -.37 | -.54 N | NE | -52.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 17.00 | 15.88 | 15.88 | -1.00 | -5.93 | 24.50 | 12.13 | -.18 | -1.97 | -5.76 | 1.79 | .40 | .09 Q | 27.2 | 57.0 | 5.9 | 37.8 | .00 | .0 | 10-13-82 | 40.8 | 2.4 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 34.00 | 32.00 | 34.00 | 1.00 | 3.03 | 34.13 | 12.50 | .15 | .41 | 2.97 | -40.27 | 1.32 | .29 Q | 24.5 | 23.0 | 4.0 | 23.1 | .00 | .0 | 02-16-83 | 231.0 | 3.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Lubys Cafe | LUB | 33.63 | 32.38 | 33.63 | .63 | 1.89 | 35.00 | 22.00 | -.11 | .00 | 3.29 | -30.00 | 1.35 | .18 N | 13.8 | 30.0 | 9.1 | 22.7 | .60 | 1.8 | 09-02-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0882 |
| Marcus Corp | MRCS | 14.50 | 13.25 | 14.50 | 1.00 | 7.41 | 15.13 | 6.75 | .20 | 1.46 | 6.81 | 27.06 | 1.28 | .15 F | 13.2 | 5.0 | 6.1 | 11.3 | .25 | 1.7 | 07-01-83 | 108.9 | 6.6 | .8 | 2.98 | 9.76 | 0582 |
| Marriott Corp | MHS | 77.25 | 75.00 | 76.50 | .63 | .82 | 81.00 | 44.63 | -.10 | -.04 | -1.37 | 4.14 | 3.44 | .43 S | 13.0 | 37.0 | 3.7 | 20.6 | .36 | .5 | 09-19-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonalds Cp | MCD | 66.13 | 61.38 | 65.63 | 3.38 | 5.42 | 74.50 | 53.38 | .35 | .21 | -2.66 | 21.33 | 5.00 | .63 S | 13.4 | 23.0 | 11.1 | 12.4 | 1.00 | 1.5 | 07-15-83 | 2715.2 | 300.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 20.00 | 19.25 | 20.00 | .13 | .63 | 21.06 | 11.44 | .13 | .03 | -1.61 | 14.77 | 1.34 | .24 F | 21.8 | 11.0 | 4.4 | 14.9 | .40 | 2.0 | 08-01-83 | 421.5 | 18.7 | 1.4 | 2.81 | 7.52 | 0582 |
| Mr Steak | MSST | 10.38 | 9.00 | 10.13 | 1.25 | 14.08 | 10.50 | 2.00 | .46 | -.16 | 4.77 | -4.38 | -.98 | -.17 N | NE | -38.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 2.75 | 2.63 | 2.75 | .00 | .00 | 2.75 | .94 | 1.22 | -.24 | 3.89 | 28.21 | .09 | .06 F | 200.0 | 34.0 | 1.1 | 30.6 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 20.75 | 19.75 | 20.50 | -.13 | -.61 | 32.75 | 10.50 | -.78 | -.29 | -2.84 | 17.93 | .70 | .11 F | 18.6 | 162.0 | 3.6 | 29.3 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 16.00 | 16.00 | 16.00 | .00 | .00 | 18.50 | 11.00 | -.42 | -.24 | 4.51 | -82.14 | .69 | -.81 N | -90.0 | -10.0 | .4 | 177.8 | .32 | 2.0 | 06-09-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 6.00 | 5.38 | 5.88 | .38 | 6.82 | 7.88 | 4.38 | -.19 | 2.24 | .20 | 12.11 | -.25 | -.41 N | -273.3 | 17.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 12.38 | 11.88 | 12.25 | -.50 | -3.92 | 15.13 | 5.75 | -.48 | .45 | -.84 | -23.30 | .28 | .09 F | 47.3 | 771.0 | 7.0 | 43.8 | .00 | .0 | 00-00-00 | 27.3 | 1.9 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 14.38 | 13.13 | 14.38 | .75 | 5.50 | 18.13 | 12.75 | -.52 | 1.66 | -.72 | -6.80 | .99 | -.40 F | -28.7 | 7.0 | 3.9 | 14.5 | .60 | 4.2 | 09-09-83 | 152.7 | 6.0 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 13.88 | 11.88 | 13.50 | .38 | 2.86 | 17.50 | 4.22 | -.47 | -.19 | -2.76 | 19.44 | .55 | .44 S | 97.7 | 5.0 | 1.3 | 15.2 | .04 | .3 | 07-12-83 | 135.1 | 1.7 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 14.88 | 12.75 | 13.25 | -1.50 | -10.17 | 26.00 | 12.00 | .05 | -1.77 | -4.89 | 3.77 | 1.27 | -.81 S | -75.7 | 268.0 | 7.6 | 51.0 | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 21.38 | 18.25 | 20.63 | 1.63 | 8.55 | 25.25 | 13.50 | .24 | .33 | 2.21 | -10.28 | 1.50 | .13 S | 9.1 | -3.0 | 2.8 | 13.3 | .33 | 1.6 | 09-21-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 10.75 | 9.50 | 10.63 | .88 | 8.97 | 11.88 | 4.25 | -.32 | 1.90 | -1.35 | 42.12 | -.73 | -.45 S | NE | -38.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 547.5 | -19.8 | .6 | 18.50 | 5.12 | 1282 |
| Restaur Assc | RA | 9.00 | 8.38 | 8.38 | -.63 | -6.94 | 11.38 | 4.00 | -.29 | -1.64 | -4.08 | -29.89 | .77 | .06 S | 9.2 | 40.0 | 1.8 | 11.8 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 26.75 | 25.25 | 25.50 | -.50 | -1.92 | 28.25 | 3.56 | -.03 | -1.14 | 3.98 | -60.80 | .33 | .07 S | 21.8 | 89.0 | 10.6 | 65.4 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 35.00 | 32.25 | 34.88 | 1.25 | 3.72 | 40.25 | 15.00 | -.30 | -.06 | -.33 | -13.69 | 2.19 | .51 F | 30.3 | 98.0 | 2.3 | 15.9 | .36 | 1.0 | 08-15-83 | 978.8 | 22.4 | .9 | 4.26 | 8.86 | 0682 |
| Sandwich Chef | SHEF | 14.25 | 13.50 | 13.50 | -.75 | -5.26 | 15.50 | 11.50 | .39 | -.83 | -2.66 | 12.73 | .70 | .70 F | NC | 30.0 | 4.5 | 19.3 | .00 | .0 | 00-00-00 | 20.2 | .9 | .6 | .50 | 3.42 | 0682 |
| Sea Galley | SEAG | 11.75 | 10.25 | 10.75 | -1.25 | -10.42 | 15.00 | 5.50 | -1.09 | .81 | -3.42 | 9.75 | .02 | -.93 S | -152.4 | -15.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 16.25 | 15.25 | 15.25 | -.75 | -4.69 | 17.94 | 7.97 | -.02 | -1.54 | -.53 | 18.85 | .67 | -.40 S | -41.6 | 27.0 | 1.5 | 27.2 | .00 | .0 | 09-09-83 | 138.1 | 2.1 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoneys Inc | SHON | 23.25 | 22.38 | 22.50 | -.75 | -3.23 | 27.38 | 15.75 | -.20 | -.40 | -3.51 | -12.34 | .86 | .25 S | 34.7 | 28.0 | 5.1 | 23.2 | .15 | .7 | 10-03-83 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Sizzler Rest Intl | SIZZ | 13.00 | 11.50 | 12.00 | -1.25 | -9.43 | 16.25 | 8.50 | .09 | .00 | -3.58 | 2.66 | 1.01 | 1.09 Q | NC | 18.0 | 4.5 | 11.0 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 1.0 | 2.33 | 4.63 | 0482 |
| Skippers | SKIP | 13.25 | 11.75 | 12.00 | -.75 | -5.88 | 15.50 | 4.16 | -.30 | -.49 | -1.83 | -15.80 | .48 | .46 S | 135.2 | 19.0 | 2.6 | 15.0 | .08 | .7 | 03-31-83 | 38.1 | 1.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTZ | 15.50 | 15.50 | 15.50 | .00 | .00 | 16.50 | 13.50 | -.22 | -.29 | 5.62 | 91.67 | .28 | -.14 S | -21.5 | -1.0 | .9 | 30.4 | .20 | 1.3 | 06-13-83 | 80.1 | .7 | 1.1 | 26.22 | 9.51 | 1282 |
| So Hospitality | SHOS | 5.00 | 4.75 | 4.75 | -.25 | -5.00 | 7.50 | 1.38 | -.76 | -.34 | -2.38 | -21.08 | .27 | .09 Q | 42.8 | 102.0 | 3.8 | 15.8 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Steak n Shake | STAK | 8.38 | 6.63 | 6.63 | -1.75 | -20.90 | 9.25 | 2.63 | -.45 | -7.05 | 1.66 | 25.80 | .18 | .15 N | 166.6 | -12.0 | 1.4 | 27.6 | .00 | .0 | 05-17-79 | 57.2 | .8 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 9.00 | 8.00 | 8.63 | -.63 | -6.76 | 13.63 | 5.00 | -.36 | -.11 | 9.90 | -91.11 | -2.39 | -2.76 Q | -725.0 | -79.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 16.25 | 15.13 | 15.63 | -.25 | -1.57 | 19.63 | 12.09 | -.10 | -.27 | 1.96 | 1.45 | 1.13 | .15 S | 14.2 | 22.0 | 7.3 | 13.0 | .24 | 1.5 | 08-08-83 | 604.3 | 44.1 | .8 | 2.53 | 6.50 | 1282 |
| Webb Del E | WBB | 20.25 | 17.88 | 20.00 | 1.63 | 8.84 | 25.00 | 6.50 | -.05 | 2.13 | 2.93 | 34.95 | .16 | .38 S | NE | -23.0 | .5 | 666.7 | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 13.50 | 13.00 | 13.00 | -.25 | -1.89 | 17.50 | 8.00 | -.16 | -.23 | 2.69 | 14.60 | .92 | -.13 S | -11.8 | 6.0 | 3.1 | 13.4 | .16 | 1.2 | 08-29-83 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 14.00 | 13.75 | 13.75 | -.25 | -1.79 | 17.13 | 8.44 | -.28 | -.26 | 1.80 | -3.46 | .63 | .01 S | 1.6 | 11.0 | 2.6 | 22.5 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

# FINANCIAL NEWS

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Calny | 3 mos. | 5/21 | $ 8.1 | 24.0 | | | $ 0.291 | 30.0 |
| El Chico | 3 mos. | 8/26 | 18.1 | 20.0 | | | 0.970 | — |
| Bob Evans Farms Restaurant div. | 3 mos. | 7/29 | 30.0 | 15.0 | | | 2.500 | 13.0 |
| Shoney's | 3 mos.<br>9 mos. | 8/7 | | | $ 98.0<br>297.0 | 23.0<br>24.0 | 6.300<br>16.900 | 35.0<br>21.0 |
| Vicorp Restaurants | 3 mos.<br>9 mos. | 7/24 | 28.2<br>53.0 | 193.0<br>93.0 | 30.3<br>59.4 | 148.0<br>73.0 | 1.600<br>2.900 | 159.0<br>101.0 |
| Chock Full o'Nuts | 3 mos.<br>12 mos. | 7/31 | 27.7<br>111.6 | 14.0<br>16.0 | | | 0.620<br>4.600 | —<br>(15.0) |
| Western Steer—Mom 'N' Pops | 3 mos.<br>6 mos. | 8/12 | | | 7.9 | 26.0 | 0.231<br>0.456 | 14.7<br>27.1 |
| Family Entertainment | 3 mos.<br>6 mos. | 7/3 | 5.8<br>11.1 | 148.0<br>190.0 | | | 0.240<br>0.515 | —<br>— |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Chock Full o'Nuts profit down 15%

NEW YORK—Chock Full o'Nuts, which recently made a deal which will take it out of the restaurant business, posted a 15% decline in net profits to $4.6 million for the year ended July 31, compared to fiscal 1982.

Sales meanwhile gained 16% to $111.6 million.

For the fourth quarter, Chock posted a $620,000 net profit compared to a $111,000 loss last year. Fourth-quarter sales increased 14% from the same time last year to $27.7 million.

Chock roasts and distributes premium-priced coffee. It recently transferred the lease-holds to 19 of its New York luncheon-counter restaurants to the Riese Organization which is in the process of installing new concepts in some of the sites.

Meanwhile, the internal ownership struggle for Chock has gained momentum again. Retailing mogul Milton Petrie, who had been expected to act on Chock's behalf, instead threw his 120,000 shares behind the dissidents who raised their stake to 23% from 17.5% recently.

Chock, in releasing its financial results, noted that last December's proxy battle cost the company $1.3 million.

## Shoney's net profit rises 35% in third quarter

NASHVILLE—Shoney's achieved a net profit increase of 35% to $6.3 million in the third quarter ended Aug. 7, compared to the same quarter last year.

Revenues rose 23% to $98 million in the quarter.

For the 40-week period ended Aug. 7, net profit jumped 21% to $16.9 million, while revenues increased 24% to $297 million.

Raymond L. Danner, chief executive officer, said revenue increases were due to a "strong customer count." He also said pretax margins increased from 10.5% to 11.5% for the quarter.

Shoney's had 1,032 restaurants in operation at quarter's end—412 company-owned and 620 franchised. During the quarter the company opened 36 restaurants: eight Shoney's, 14 Captain D's and 14 Lee's Famous Recipe.

# Vicorp earnings up 159% in qtr.

DENVER—Vicorp Restaurants Inc. reported net profit up 159% to $1.6 million for the third quarter ended July 24, to $1.6 million, compared to the same quarter last year.

Revenues went up 148% to $30.25, million and company-owned restaurant sales jumped 193% to $28.2 million.

For the first three quarters net profit was up 101% to $2.9 million. Revenues rose 73% to $59.4 million and company restaurant sales went up 93% to $53 million.

Vicorp had a total of 250 restaurants—122 company-operated and 128 franchised—at the end of the quarter. Last year at the same time there were 178 restaurants in the system.

Company-operated Village Inns had record sales, Vicorp said, "reflecting growth in customer counts and per customer expenditures."

Profit margins at Village Inns were about 16.8% for the quarter, the company reported.

The Rose and Varieties, concepts which make up Vicorp's specialty restaurant group, have "yet to make a positive earnings contribution due to startup costs and the necessity for fine-tuning operational procedures."

New specialty restaurants were opened during the quarter in Charlotte, N.C., and Virginia Beach, Va.

On May 2 Vicorp acquired Poppin Fresh Pies from Pillsbury. According to the company, "The contribution of Poppin Fresh operations has exceeded our initial expectations and, for the first time in several years, both restaurant sales and operating margins have improved over the prior year."

At quarter's end there were 56 company-owned and 123 franchised Village Inn Pancake Houses, 59 company-owned Poppin Fresh Pies, 4 company-owned and 4 franchised Rose restaurants, 1 company-owned Varieties, 1 franchised and 1 company-owned Tortilla Flats, and 1 steakhouse that will be converted to a Rose.

Peter Doane, chief financial officer, said the company would open three Village Inns and one Varieties during the quarter and franchisees would probably open three Village Inns.

## El Chico posts $970G net profit

DALLAS—El Chico, a Mexican restaurant chain based here, has reported net income of $970,000 for its first quarter ended Aug. 26. No figure is available for last year's comparable period when El Chico was a Campbell Taggart subsidiary.

Sales for the period were up 20% over last year to $18.1 million.

Last November Gilbert Cuellar, whose family opened the first El Chico in Dallas in 1940, bought the chain back from Anheuser-Busch, which had purchased it in the acquisition of another company the previous year.

Cuellar attributed the increase in sales to three factors: the remodeling of 11 restaurants, increased advertising and a favorable response by customers to El Chico's return to family ownership.

There are 75 company-owned and 10 franchised El Chicos, and four company-operated theme restaurants.

## Family Entertainment net hits $240,133

ROCKVILLE, Md.—Family Entertainment Centers, franchisee of 16 Chuck E. Cheese Pizza Time Theater units, reported net profits of $240,133 during the second quarter ended July 3, after reporting a loss in the same quarter last year of $21,765.

Sales for the quarter rose 148% to $5.8 million from $2.3 million during the comparable period last year.

For the first half of the fiscal year, net income was $515,007, compared to a loss in that period last year of $72,757. Sales increased 190% in the first six months to $11.1 million, compared to $3.8 million last year.

Despite the gains in total sales and profits, sales per unit and operating income were "disappointing," said Patrick A. Hopf, chairman and president.

To increase customer counts, Family Entertainment rolled out new pizza products with slightly lower prices in July, said Hopf, who added that "customer reponse has been extremely encouraging." He also said that new sandwiches and a pasta product would be added to the menu.

In addition, said Hopf, the rate of unit growth of Pizza Time Theater has been reduced. It opened two new centers in the second quarter and sold two units in Sunnyvale, Calif., to the franchisor, which is also located in Sunnyvale. The purchase price was $2.7 million in cash and notes. Family Entertainment plans to open one or two more.

The company also plans to open its first G. D. Ritzy's Luxury Grill & Ice Cream Restaurant this year. It has signed a franchise agreement to develop a minimum of 60 G. D. Ritzy's in the Washington, Baltimore and Central Pennsylvania areas.

## Major Pizza Hut franchisee going public

TULSA, Okla.—A&M Food Services, the third largest Pizza Hut franchisee, has become the first franchise company in the system to go public in more than 10 years. At present it is one of only two publicly held Pizza Hut franchisees.

An offering of 1.1 million shares in late September, at $6.50 a share, netted the company $5.4 million, said William C. Ferril, president and chief operating officer.

The proceeds will be used to reduce debt, develop additional restaurants, acquire and develop new franchise territories and remodel units.

A&M currently operates 82 Pizza Huts in six states. Three more units will open this year—two in Minnesota and one in Oklahoma—according to Ferril. Future development will principally be in the Minneapolis area, he said.

Sales in fiscal 1981 at A&M were $20.9 million and net profit was $713,000.

Ferril said A&M's long-range plans included the acquisition of other Pizza Hut franchisees. He noted that being a public company gave A&M some leverage in pursuing acquisitions because of tax-free exchanges of stock.

The last Pizza Hut franchisees to go public were Pizza Corp. of America and Central Development Inc., in 1970. Pizza Hut Inc. acquired Pizza Corp. a few years later, but Central Development has remained a separate, publicly held company.

A&M Food Services traces its roots to 1961 when Pat Murphy became the original Pizza Hut franchisee in Oklahoma. In 1964 he formed a partnership with W. S. Atherton, who is currently chairman and chief executive officer. The corporation A&M Food Services was formed in 1973.

Last year A&M merged with Pizza Huts of the Northwest, a 19-unit franchisee based in Minneapolis and formed in 1975 by Ferril, who had been vice president of finance for Pizza Hut Inc. in Wichita. Pizza Huts of the Northwest is now a 21-unit, wholly owned subsidiary of A&M, headed by Ferril, who has been named president and chief operating officer of the newly public parent company.

One of the three new units A&M expects to open this year is different in some respects from others the company operates. It is located in a commercial area on the University of Minnesota's campus in Minneapolis.

While it will be one of the largest units in the company, at 6,000 sq. ft. with two separate dining rooms in earth tones, it will also focus heavily on delivery service on campus. This will put it in direct competition with the nation's largest pizza-delivery chain, Domino's.

This is a test program approved by Pizza Hut Inc. A&M has also been operating a full-service, dining-and-delivery Pizza Hut at the University of Arkansas campus.

For the 24-week period ended June 14, A&M's sales increased 22.5% over the corresponding period last year. The company attributed the increase to the opening of a new unit and the success of the new lunchtime product, Personal Pan Pizza.

## Godfather's acquires Pizza Ventures

OMAHA—Stockholders of Pizza Ventures, formerly the largest franchise company in the Godfather's Pizza system, last month approved its acquisition by Godfather's.

This move now gives Godfather's operational control and ownership of 197 restaurants in the 811-unit chain.

Godfather's said it would issue more than six million shares of its common stock to Pizza Ventures stockholders, who would receive 1.5 shares for each Pizza Ventures share they held. Both were public companies.

The acquisition coincides with the news of a pending major deal in which Chart House, the largest franchisee of Burger King, will purchase Godfather's in an exchange of stock valued at about $360 million.

## Taco Bell franchisee makes public offering

SAN MATEO, Calif.—Calny, the largest franchisee of Taco Bell restaurants, has made a public offering of one million shares to common stock at $14.25 a share.

Proceeds from the sale will be used mostly to repay debts incurred in the recent acquisition of 24 Taco Bells. The rest will be used to finance capital improvements in existing restaurants

RESTAURANT ASSOCIATES: THE LEGACY

***Spawning ground for greatness—pp. 31-60***

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# Independent operators exploring new territory

**A mood of optimism and a desire to invest in new ventures set the tone as nearly 500 independent restaurateurs gathered for the annual Travel/Holiday Awards Reunion. The event included an Italian luncheon extravaganza catered by four of southern California's most noted Italian restaurateurs: (from left to right) Jean Leon of La Scala, Beverly Hills; Piero Selvaggio of Valentino; Mauro Vincenti of Rex Il Ristorante, L.A., and Emilio Baglioni of Emilio's, L.A.**

## *Restaurateurs unveil plans during Travel/Holiday reunion*

LOS ANGELES—Operators of some of the nation's most highly acclaimed restaurants are stepping up their involvement in ventures outside the fine-dining segment, according to those attending the annual *Travel/Holiday* Awards Reunion here.

Investments are being made in fast-food restaurants; smaller, moderately priced dinnerhouses; deli-style restaurants, and management companies.

Bert Cutino, co-owner of the famed Sardine Factory in Monterey, Calif., explained that he and his partner, Ted Balestreri, formed Pacific Hospitality to develop and operate Wendy's units because they are ready to expand with a simpler operation.

"It's a more involved, complex business than it was 15 years ago," Cutino said of the fine-dining segment. "Today, there are environmental and energy considerations. The competition is always getting tougher and it is harder to find the talent of personnel necessary to maintain consistency and quality in a large restaurant."

Cutino and Balestreri are, of course, holding on to the Sardine Factory but have purchased seven franchised Wendy's and plan to build 29 others in the San Jose, Santa Clara and San Francisco markets.

Don Dianda Jr., whose father owns Doros in San Francisco, is president of Pacific Hospitality and a partner in the operation. Other partners include William

*(Continued on page 92)*

# Church's maps out aggressive strategy to hike market share

**By Donald Jeffrey**

SAN ANTONIO—Traditionally conservative Church's Fried Chicken is trying to reverse several years of severe customer traffic erosion with a series of bold steps that include a new aggressive advertising campaign.

Corporate battles between liberals and conservatives have shaken up headquarters and, just last month, longtime chief financial officer William Storm resigned because of "philosophical differences with management," according to controller Joseph Rock.

Earlier this year, James Parker resigned as executive vice president-operations.

Church's has been struggling recently with a dropoff in sales and profits in the fired-up fast-food chicken segment.

Profits in the third quarter ended Sept. 4 dropped 37% to $6.7 million from the year-earlier period. But Rock says he and other executives are encouraged by early indications for fourth quarter performance.

Changes in strategy, especially Church's commitment to build market share with aggressive advertising, will result in real sales growth in the final quarter, Rock said.

Other strategic moves in the past year that Church's officials have made include:

- The new commitment to advertising—an aggressive program that takes on segment leader KFC;
- Expansion from its traditional base of lower-income demographics and inner-city sites to

*(Continued on page 92)*

## *NRA's Neville to resign; search on for successor*

**By Ken Rankin**

WASHINGTON—National Restaurant Association communications director Jeffrey Prince in effect has taken over as staff chief at NRA headquarters due to the failing health of executive vice president Robert Neville.

Neville, 66, a 14-year NRA veteran and seasoned food-service industry lobbyist, is working only a few hours a day on his physician's advice and plans to resign as soon as a successor is found.

A search committee for Neville's successor headed by NRA president Joe Lee, General Mills's restaurant group president, was formed at the association's fall board meeting earlier this month.

Possible candidates for Neville's spot, according to knowledgeable sources, include Bill Fisher, who was NRA's staff chief and executive vice president for four and a half years during the 1970's. Fisher is executive vice president of Service Systems and has been mentioned as a strong candidate by several board members.

**Robert Neville**

Lee's search committee also is likely to consider several "in-house" candidates, including Prince—a former aide to Robert Bradford who headed NRA briefly before an abrupt resignation in early 1982—and former Congressman Ron Sarasin who joined the association earlier this year as director of Government relations.

Brian Harron, who stepped down as executive vice president in mid-1980 and now heads a consulting firm in Arizona, reportedly is interested in returning to the NRA, but that is not

*(Continued on page 91)*

## LATE NEWSBREAKS

**Naugles' board chairman Harold Butler (who founded Denny's 30 years ago) told a record 1,100 MUFSO attendees in Los Angeles last month of high hopes for his unusual new concept, Berry's, a 6,000-sq.-ft. deli-bakery-coffee shop experiment in San Bernardino grossing $2 million annually.**

**Carlson Companies is spinning off 40% of T.G.I. Friday's, its 83-unit casual theme chain, with a 4.5 million share offering that would raise $90 million. Friday's would use the proceeds to repay debt and repurchase Friday's stock from Carlson.**

**Movie mogul Dino De Laurentiis has turned over operations of his two New York DDL Foodshow gourmet delis to Saga Corp. Launched with great fanfare, the high-ticket delis have been plagued with high management turnover, reported low customer traffic and a health citation. Saga, a large contract feeder, is "setting up organizational systems at DDL," a spokesman said.**

*Exploring a hot new trend . . .*

# Wendy's tests 'gourmet' burgers

**By Rurick Telberg**

COLUMBUS, Ohio—Wendy's has expanded its inventory of experimental menu items with "gourmet" hamburgers, but has no plans to expand the test.

Interest in so-called gourmet or upscale burgers is building as strategists suggest that the consumer generation weaned on fast food is now seeking products of more discernible quality.

New chains featuring this "adult fast food" include Chili's, Spoon's, Fuddrucker's, G. D. Ritzy's and Flakey Jake's.

"We're just testing to see if there is a market for that for us," a Wendy's spokesman said. "We have no intention to expand the test at this point."

Wendy's is testing four versions of the new hamburger at fewer than 50 stores in Florida, including Jacksonville, and in Ohio, including Toledo.

All four versions use a quarter-pound pattie served on a 4½-in. whole wheat bun. The standard Wendy's burger is almost half that size and served on a 4-in. white bread bun.

The new burgers are reportedly "cannibalizing" sales of regular Wendy's burgers and officials are clearly unimpressed with the current formulation.

The new burgers come with four toppings: guacamole with bacon, Swiss cheese, sour cream, chili sauce and alfalfa sprouts; mushroom with Swiss cheese and sour cream; bacon and cheese with tomato and alfalfa sprouts, and bacon and onion with Swiss cheese, bacon, grilled onions and a special sauce.

They are priced from $1.89 to $2.49.

The 2,500-unit burger chain continues to test a number of other menu items, including breakfast, dinner, baked potatoes and fish, chicken and bacon-lettuce-and-tomato sandwiches.

Wendy's has earned a reputation for thoroughly testing new

*(Continued on page 91)*

## COMMODITIES

# *Price trends mixed; meat, poultry down*

**NRN Special Report**

With food costs showing less increase than the greatly slowed inflation, pricing trends are extremely mixed in this fourth quarter of 1983. While price increases have been posted on a number of foods, others have been reduced, and many are fortunately—at least for the food-service operator—in a holding pattern.

Meat prices, both beef and pork, are holding at low levels, well under the "magic" slaughterhouse level of $1 per pound for choice bulk shipments. There has been some volatility in beef pricing, but it has remained largely in the 90¢ to 97¢ range for most of August and September. These price levels are expected to be maintained largely through the winter, but are forecast to rise precipitously early in the spring.

Ranchers and farmers are still moving cattle off the range to the slaughterhouse, reflecting the drought and heat conditions which devastated a large amount of Midwestern and Western range and farm land. Combined with the dramatically increased price of most of the feed grains—which changed producers' intentions of holding cattle over the winter—and the need for immediate income to offset crop losses, this is cutting herd levels to a low point.

At the present time, the pipeline is full of beef. Demand has not increased at the same rate. As a result, there is a plentiful supply on hand, so the prices have remained low. By spring, that condition will have changed; the pipeline will be largely emptied as the producers slow marketing in midwinter. Good range cover in the spring will slow the flow even more. As a result the prices are expected to rise to levels as high as the peaks of the 1976-80 period.

The price push will affect feedlot cattle, too. Corn and soybeans, two of the major feed grains, have almost doubled in price since last year. Sorghum, another important feed grain, has increased more than 50%, Cottonseed meal and linseed meal are up about the same percentage as sorghum, and only wheat and barley show minimal increases. The latter two, however, are not as important as corn and soybeans. These increases will have a direct effect upon the price of Choice grade meat, which is almost all feedlot "finished." A ceiling on the price of Choice, however, is being held by the increased supplies of lower grade cattle on the market. In the spring, when those supplies have been depleted, the increased costs of feeding are expected to cause Choice prices to surge.

*(Continued on page 91)*

### *PRICE MOVEMENT AT A GLANCE*

| | Sept. 30, 1982 | Aug. 30, 1983 | Sept. 30, 1983 |
|---|---|---|---|
| Beans, pinto, Colorado, dry (cwt.) | $15.50 | $23.50-24.00 | $26.00-26.50 |
| Beef, Choice, 700-900 lb., Midwest (lb.) | $ 0.90 | $ 0.93 | $ 0.93 |
| Broilers, Grade A, icepack NYC (lb.) | $ 0.4651 | $ 0.5991 | $ 0.4893 |
| Butter, Grade AA, Chicago (lb.) | $ 1.48 | $ 1.495 | $ 1.54 |
| Coffee, green beans, Brazil (lb.) | $ 1.37 | $ 1.28 | $ 1.38 |
| Lettuce, iceberg, California (24s) | $ 3.00-4.00 | $ 4.50-6.00 | $ 4.00-5.00 |
| Peas, green, Fancy 4s, canned, Midwest (6/10) | $10.00-10.25 | $11.00-11.25 | $11.50-11.75 |
| Pork loins, Choice, 14-17 lb., Midwest (lb.) | $ 1.20 | $ 0.91 | $ 0.95 |
| Shrimp, Grade A, frozen, Gulf brown, 16/20 (lb.) | $ 7.20 | $ 7.35-7.40 | $ 7.30 |
| Spinach, Grade A, leaf, frozen, Calif. (lb.) | $ 0.30 | $ 0.33-0.35 | $ 0.29-0.31 |

Source: NRN Research

*Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.*

# General Mills shutters 22 red-ink stained York units

COLUMBUS, Ohio—York Restaurant Systems has closed 22 of its 151 restaurants because the 22 were losing money.

"It is anticipated this move will increase the chain's strength and financial results dramatically," Joe R. Lee, president of the General Mills Restaurant Group, said.

General Mills also owns Red Lobster seafood dinnerhouses, Casa Gallardo Mexican dinnerhouses, Good Earth restaurants, and Darryl's 1890 pubs.

Ron Magruder, who replaced Berndt Gross as York president in May, said the closed restaurants were averaging $600,000 per year in sales. Without them, the chain should average $1.3 million per unit, he said.

They were unprofitable, Magruder said, because there were not enough of them in their markets to benefit from advertising and promotional expenditures.

**Joe Lee**

"We could fill out our markets in Detroit, Baltimore and Philadelphia, for example, for what it would cost to build up the Atlanta market," Magruder said. He added it would take 12 units to make money in Atlanta, but York had only two there.

The York restaurants, which each employ about 40 people, were mostly located in the Southeast at the fringe of York's Midwest heartland.

Magruder said the chain planned to go ahead with plans laid early this year to open six to seven new units.

Officials said the move would allow York to concentrate on its proven markets in such states as Ohio and Illinois.

The units ranged in age from three years to 10. All of them, like the bulk of York's units, were located in malls.

Over the years York has found its units vulnerable to downturns in retail traffic and new mall development, executives said.

"I think we have a much greater opportunity for a consistent business flow by having a mix of freestanding and mall units," said Magruder, who worked at Casa Gallardo and

*(Continued on page 91)*

# *Private investors group acquires Pea Soup Andersen's for $35M*

**By Richard Martin**

BUELLTON, Calif.—Pea Soup Andersen's, the 59-year-old landmark restaurant group with annual sales of over $25 million, has been sold to a group of private investors for approximately $35 million.

Timothy O'Healy, 36, current president and chief executive of Andersen's, heads up the otherwise unnamed group of general partners who will acquire the four-unit chain of Danish-themed restaurant/motel "highway centers."

O'Healy will continue as chief executive, and no changes in philosophy, management or operation are anticipated, said Andersen's board chairman, Lucien L. Excallier.

For the past three years, the Pea Soup Andersen's chain had been administered by the estate of its owners, the late Vincent and Margery Evans, who were killed in an airplane crash in 1980. They bought the chain from the founding Andersen family in 1966.

Escallier described the buyout offer as "very fair," but would not disclose other details of the transaction. He did indicate that early completion of an 80-room addition to the existing $11-million Pea Soup Andersen's Inn at Carlsbad, Calif., has been approved.

Two new California highway centers, one in Shasta County and one in Kern County, were also approved for completion within the next several years.

**The 59-year-old four-unit Pea Soup Andersen's restaurant/motel group has annual sales of more than $25 million.**

In addition to the chain's original unit north of Santa Barbara in Buellton, Calif., (opened in 1924 by Danish immigrant Anton Andersen), the other complexes are in Carlsbad (north of San Diego), Santa Nella (south of Stockton), and Mammoth Lakes (in the eastern Sierra mountains).

Nearly two million bowls of split pea soup are consumed each year at the Buellton unit alone, according to O'Healy. More than five tons of dried peas are used each month by all four restaurants.

Development of the newer highway centers over the past seven years has raised the company's annual sales from about $4 million to nearly $26 million. Food service in the multifaceted operations account for about 75% of all sales.

About half of all food orders are of the chain's all-you-can-eat pea soup combo which sells for under $3. Travelers can also dine on a range of menu items from breakfast to full-course Continental dinners. Overall, food costs are reportedly under 29%.

The Andersen's complexes also have gas stations, convenience stores, cocktail lounges and wine/gift shops.

# Airline woes raise sweat on caterers' brows

NEW YORK—With conditions in the depressed commercial airline industry worsening, in-flight caterers are worrying about the impact on their side of the business.

"It's difficult to make long-term plans considering the state of the industry," says Gordon Anderson who, as Dobbs Houses' marketing and sales vice president, oversees the firm's $200 million-a-year airline catering division.

Anderson, like other in-flight catering officials, says he believes "the worst is yet to come."

Mired in the worst slump in its history, the airline industry was jolted recently when Continental Airlines declared bankruptcy and filed for reorganization under the Federal bankruptcy code.

Braniff International took a similar route on May 12, 1982 and has been grounded since. Eastern Airlines is reported to be struggling and the survival of six of the remaining 11 major domestic carriers is in doubt.

The current sorry state of the airline industry can be traced directly to the Airline Deregulation Act of 1978. Deregulation sparked recent price wars by allowing trunk carriers to charge arbitrarily discounted fares that often were money-losing propositions.

Other key factors contributing to the industry's problems are high labor costs and a falloff in passenger traffic due to the recession.

> *'It's difficult to make long-term plans considering the state of the industry. The worst is yet to come.'*
>
> **—Gordon Anderson**
> **marketing vp, Dobbs Houses**

Dobbs Houses, which receives more than 60% of its annual gross sales volume from airline feeding contracts, is "proceeding optimistically yet cautiously about the future," according to Anderson.

Like many in-flight caterers, Dobbs Houses has been focusing on smaller airlines even though it still holds contracts with all major airlines except Republic.

"We're looking at the smaller new entrants for ways to serve them," Anderson said. Due to "predatory pricing" by its competitors, Dobbs Houses also has started to downgrade its in-flight menus on some carriers. Like some other airline caterers, Dobbs Houses is "boarding fewer meals this year than last."

Continental's troubles have not materially affected Marriott Corp.'s extensive in-flight catering business, according to Al Rankin, corporate relations vice president. "Continental has not represented a significant piece of business for us," he said.

Rankin refused to speculate on Marriott's reaction if other carriers filed for bankruptcy court protection. Marriott, he noted, has a longstanding business relationship with Eastern Airlines.

As an unsecured creditor of Braniff, Marriott has a claim for $5.5 million with that carrier dating back to May 1982 when Braniff planes were grounded.

(Hyatt Hotels Corp. is trying

*(Continued on page 92)*

FINANCIAL NEWS

# Beefsteak Charlie's 3rd-quarter net profit slips 96%

NEW YORK—Beefsteak Charlie's reported that net profit for the third quarter ended Aug. 6 plummeted 96% to $39,000 compared to the same period last year. Revenues for the quarter increased less than 2% to $23.3 million.

Net profit for 40 weeks this year was $1.36 million, compared to $2.57 million in the same period last year. Revenues for 40 weeks were $75.79 million; in the same period last year they were $76.2 million.

The company linked the disappointing results to lower customer counts: Beefsteak Charlie's restaurants registered a $700,000 drop in sales in the third quarter.

The lower counts, the company believed, were due to menu price resistance and increased competition from similar restaurants offering lower prices.

Lawrence Ellman, president, said the company did not expect the fourth quarter "to show any material change from the results" of the third.

To try to reverse its fortunes, the company, which operates and franchises 69 family dinnerhouses, is undertaking a $6 million renovation program and developing a new menu, Ellman said.

The new menu includes Mexican-style and light meals in addition to traditional beefsteak entrees. All will be offered either à la carte with beer or wine, or as complete dinners with shrimp and salad bar, thus giving customers greater price selection.

The company said the renovation program has begun to give positive results: the first renovated unit—in Bay Shore, N.Y.—has had a 30% increase in customer counts.

New units in Fort Myers, Fla., and on the Atlantic City boardwalk have the new, contemporary look, and the company expects the latter unit to do more than $2.5 million in annual sales.

## *Godfather's franchisee going public*

HOLLYWOOD, Fla.—The south Florida franchisee for Godfather's Pizza plans to go public, selling up to 49% of the company for up to $4.9 million.

American Family Pizza, which operates 16 Godfather's and plans four more by year-end, plans to sell 700,000 equity units priced at $7 each. Every unit consists of one share of common and one five-year stock purchase warrant.

The proceeds would be used to pay down about $1.4 million in bank debt and fuel expansion. The company must build at least seven new Godfathers a year, but projects 10 to 12.

The president and chief shareholder is Jerry Slusky.

# Food-service chain stock analysis table

| | | STOCK PRICE | | | | | | | TREND TO MARKET | | | | EARNINGS/SHARE | | | | | P/E | DIVIDENDS | | | FINANCIAL POSITION | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Two Weeks Ended Oct. 7 | | | | | | | Price Trend (% per day) | | Volume Trend (% per day) | | | Latest 12 Months vs Preceding 12 Months Change | | 5-Year Annual Growth Rate | Profit Margin | | Indicated Dvd. Rate | | Last X-Dvd. Date | Last Fiscal Year | | Current Ratio | Last Fiscal Year (Per Share) | | Last Balance Sheet Date |
| Name | Symbol | High | Low | Close | Change Amt | Change Pct | 52-Week High | 52-Week Low | Last 30 Days | Last 5 Days | Last 30 Days | Last 5 Days | Last Fiscal Year | Amt. | Pct. | | | Latest P/E Ratio | Amt. | Yield | | Revenue | Earnings | | Long Term Debt | Common Stock Equity | |
| — | — | $ | $ | $ | $ | % | $ | $ | % | % | % | % | $ | $ | % | % | % | — | $ | % | — | $ Mil. | $ Mil. | — | $ | $ | — |
| Acapulco Y Los | ALAR | 6.75 | 6.25 | 6.38 | -.63 | -8.93 | 7.88 | 5.00 | .30 | -.10 | 1.29 | -30.90 | .05 | .10 N | 500.0 | -8.0 | .3 | 53.1 | .00 | .0 | 01-06-81 | 37.1 | .1 | 1.4 | 6.13 | 2.99 | 1082 |
| Am Motor Inns | INN | 34.25 | 31.00 | 34.13 | 2.00 | 6.23 | 38.50 | 20.25 | .06 | 1.05 | -.43 | -3.11 | 2.52 | .42 F | 20.0 | 53.0 | 7.9 | 13.5 | .25 | .7 | 08-10-83 | 175.1 | 13.9 | 1.6 | 15.08 | 13.00 | 0782 |
| ARA Services | ARA | 53.00 | 51.00 | 52.25 | .25 | .48 | 55.00 | 31.25 | .20 | -.41 | -3.52 | 10.20 | 3.43 | .52 N | 15.0 | -2.0 | 1.4 | 13.1 | 2.05 | 3.9 | 08-26-83 | 2805.6 | 38.9 | 1.1 | 22.39 | 44.25 | 0982 |
| Assoc Hosts | AHST | 16.25 | 15.50 | 16.25 | .00 | .00 | 18.50 | 3.66 | -.46 | .47 | -2.90 | -16.43 | .39 | .13 N | 30.9 | -7.0 | 2.2 | 29.5 | .12 | .7 | 07-05-83 | 78.6 | 1.7 | 1.6 | 4.40 | 5.05 | 0982 |
| Beefsteak Char | BCS | 5.88 | 4.75 | 5.00 | -.75 | -13.04 | 9.75 | 4.50 | -1.46 | -1.52 | 3.24 | -32.22 | .88 | -.28 N | -35.4 | 32.0 | 3.7 | 9.8 | .00 | .0 | 00-00-00 | 97.1 | 3.6 | 1.3 | 5.92 | 4.23 | 1082 |
| Bob Evans Farms | BOBE | 24.25 | 23.50 | 24.25 | .50 | 2.11 | 26.81 | 15.31 | .07 | -.78 | 2.05 | 51.01 | .89 | .07 Q | 8.2 | 23.0 | 6.9 | 26.4 | .26 | 1.1 | 09-19-83 | 187.5 | 13.0 | 3.0 | .00 | 5.54 | 0483 |
| Bonanza Intl Inc | BNZA | 6.63 | 6.13 | 6.13 | .00 | .00 | 7.38 | 1.88 | -.60 | -2.96 | 1.29 | 36.11 | .11 | 3.06 S | NE | -85.0 | 3.1 | 30.6 | .00 | .0 | 00-00-00 | 16.1 | .5 | 1.6 | 9.70 | 1.67 | 1282 |
| Brock Hotel Cp | BHC | 7.38 | 6.88 | 7.00 | -.38 | -5.08 | 13.38 | 6.88 | -.43 | -.41 | -.73 | -20.43 | .55 | -.54 S | -76.0 | 4.0 | 2.8 | 41.2 | .10 | 1.4 | 09-27-83 | 255.6 | 7.1 | 1.1 | 16.64 | 4.38 | 1282 |
| Calny Food | CLNY | 14.50 | 14.00 | 14.00 | -.25 | -1.75 | 17.25 | 6.66 | -.26 | -.76 | .09 | -51.76 | .80 | .11 S | 15.0 | 8.0 | 4.6 | 16.7 | .20 | 1.4 | 07-27-83 | 30.2 | 1.4 | .4 | 3.71 | 2.24 | 0283 |
| Captain Crabs | CRAB | 7.38 | 6.88 | 7.00 | .00 | .00 | 8.38 | 1.00 | -.26 | -1.66 | -3.41 | 5.77 | .00 | .00 N | NC | NC | .0 | NE | .00 | .0 | 00-00-00 | .9 | .0 | 7.0 | .04 | .22 | 0682 |
| Carrols Cp | CRL | 10.63 | 8.88 | 10.13 | -.63 | -5.81 | 11.88 | 2.38 | -.30 | 1.04 | -3.83 | 14.49 | .50 | .28 F | 127.2 | 437.0 | 3.6 | 20.3 | .06 | .6 | 08-29-83 | 85.2 | 3.1 | .6 | 3.28 | 2.00 | 0582 |
| Chart House | CHHO | 36.00 | 34.13 | 34.75 | -1.88 | -5.12 | 37.75 | 20.63 | .14 | -1.19 | -1.75 | 32.06 | 2.08 | .09 S | 4.3 | 15.0 | 4.9 | 16.0 | .60 | 1.7 | 09-20-83 | 382.0 | 18.7 | 1.0 | 9.21 | 13.12 | 1282 |
| Chi-Chis | CHIC | 37.63 | 21.25 | 27.88 | -9.38 | -25.17 | 37.75 | 14.44 | -1.06 | 1.18 | -.83 | -31.98 | .59 | .36 Q | 109.0 | 457.0 | 9.4 | 40.4 | .00 | .0 | 12-20-82 | 94.2 | 8.9 | 2.6 | 2.81 | 2.43 | 0483 |
| Ch Full O Nut | CHF | 20.75 | 19.13 | 20.75 | .63 | 3.11 | 24.38 | 12.50 | .02 | .31 | -2.53 | 46.37 | .64 | .23 F | 56.0 | -3.0 | 2.9 | 32.4 | .50 | 2.4 | 07-15-83 | 111.6 | 3.2 | 3.1 | .43 | 5.97 | 0782 |
| Churchs Fr Ch | CHU | 26.25 | 23.00 | 25.13 | 1.75 | 7.49 | 33.50 | 21.84 | .02 | .60 | -.52 | .23 | 2.19 | -.27 N | -11.8 | 11.0 | 10.1 | 12.5 | .72 | 2.9 | 10-24-83 | 413.1 | 41.6 | 1.8 | .62 | 11.74 | 1282 |
| Cindys Inc | CNDYC | 3.75 | 3.63 | 3.63 | -.13 | -3.33 | 4.00 | 3.00 | -.05 | -1.76 | -1.85 | -9.88 | .13 | .46 S | NE | 87.0 | 2.1 | 12.5 | .00 | .0 | 00-00-00 | 14.3 | .3 | .0 | 4.63 | .43 | 1282 |
| Collins Foods | CF | 18.75 | 16.88 | 18.13 | -.25 | -1.36 | 19.84 | 11.44 | -.08 | .72 | -7.90 | -2.68 | 1.47 | .32 Q | 26.0 | 29.0 | 3.8 | 11.7 | .20 | 1.1 | 09-23-83 | 324.4 | 12.4 | 1.8 | 4.14 | 8.71 | 0483 |
| Consul Corp | CNSL | 18.38 | 17.25 | 18.00 | -.50 | -2.70 | 18.75 | 8.38 | .06 | .28 | -2.81 | -10.84 | .26 | .33 Q | NE | 133.0 | 2.5 | 58.1 | .00 | .0 | 00-00-00 | 32.0 | .8 | 5.0 | 1.08 | 5.67 | 0583 |
| Cracker Barrel | CBRL | 25.75 | 22.75 | 24.75 | 2.25 | 10.00 | 27.34 | 8.84 | .45 | -.94 | -.81 | 5.37 | .86 | .17 F | 24.6 | 29.0 | 4.4 | 28.8 | .14 | .6 | 08-30-83 | 45.7 | 2.0 | 1.9 | 3.57 | 4.46 | 0782 |
| Dennys Inc | DEN | 35.38 | 31.25 | 35.25 | 3.00 | 9.39 | 36.88 | 27.13 | .23 | 2.15 | .39 | 40.15 | 2.54 | .14 F | 5.8 | 11.0 | 3.8 | 13.9 | .72 | 2.0 | 09-02-83 | 1054.6 | 40.2 | 1.7 | 17.92 | 17.17 | 0683 |
| Dunkin Donuts | DUNK | 25.13 | 24.75 | 24.88 | .50 | 2.05 | 28.75 | 14.84 | .31 | -.78 | -5.14 | -55.95 | 1.40 | .22 N | 16.2 | 25.0 | 9.4 | 15.8 | .28 | 1.1 | 08-15-83 | 71.3 | 6.7 | 1.2 | 12.87 | 15.97 | 1082 |
| Frischs | FRS | 27.63 | 26.25 | 27.50 | 1.25 | 4.76 | 27.63 | 9.75 | .45 | -.59 | 3.65 | 43.90 | 1.92 | .12 F | 6.6 | 22.0 | 3.7 | 14.3 | .40 | 1.5 | 09-28-83 | 110.6 | 4.1 | 1.3 | 5.95 | 15.14 | 0583 |
| Godfathers Pizza | GFPZ | 19.63 | 18.75 | 19.00 | -.63 | -3.18 | 25.50 | 13.63 | .08 | -1.43 | -3.26 | -47.83 | .65 | -.01 S | -1.5 | 115.0 | 15.8 | 29.7 | .00 | .0 | 00-00-00 | 37.9 | 6.0 | 2.1 | .55 | 1.99 | 1282 |
| Hamburg Hamlet | HAMB | 11.00 | 10.50 | 10.50 | -.50 | -4.55 | 12.00 | 5.75 | -.59 | -.77 | -5.53 | .00 | -1.10 | -2.45 F | -181.4 | -22.0 | -2.4 | NE | .00 | .0 | 00-00-00 | 34.0 | -.8 | 1.0 | 20.86 | 11.96 | 0383 |
| Hilton Hotels | HLT | 56.38 | 51.50 | 51.75 | -4.25 | -7.59 | 60.25 | 38.88 | -.05 | -1.26 | -1.32 | 14.35 | 3.04 | -.83 S | -22.0 | 8.0 | 14.4 | 17.6 | 1.80 | 3.5 | 08-29-83 | 562.9 | 81.3 | 2.0 | 6.73 | 21.31 | 1282 |
| Holiday Inns | HIA | 57.25 | 53.25 | 54.63 | -1.88 | -3.32 | 59.00 | 31.00 | .26 | -.77 | -.26 | -24.64 | 2.50 | .16 S | 5.8 | 13.0 | 6.8 | 18.9 | .84 | 1.5 | 09-12-83 | 1425.3 | 97.2 | .9 | 11.74 | 25.35 | 1282 |
| Horn & Hardart | HOR | 29.00 | 25.75 | 29.00 | 2.25 | 8.41 | 32.34 | 12.09 | .16 | 1.63 | .99 | 52.42 | .74 | .37 S | 62.7 | 952.0 | 2.8 | 30.2 | .00 | .0 | 07-12-83 | 235.4 | 6.6 | 1.1 | 9.46 | 4.77 | 1282 |
| Hungry Tiger | HTIG | 9.75 | 9.25 | 9.75 | -.25 | -2.50 | 12.25 | 6.34 | -.25 | -.82 | -5.82 | -8.87 | .78 | -.21 N | -25.9 | 17.0 | 3.8 | 16.3 | .00 | .0 | 11-15-82 | 55.9 | 2.1 | .6 | 4.91 | 5.57 | 0882 |
| Imperial Grp | IMT | 1.94 | 1.69 | 1.94 | .13 | 6.90 | 2.06 | 1.56 | .09 | .70 | 9.46 | 10.03 | .47 | -.10 S | -17.2 | 6.0 | 2.6 | 4.0 | .11 | 5.7 | 09-27-83 | 7742.8 | 198.3 | 1.1 | .54 | 1.92 | 1082 |
| Intl Dairy Queen | INDQ | 36.00 | 34.50 | 36.00 | 1.00 | 2.86 | 40.00 | 18.00 | .40 | .08 | -4.56 | -22.00 | 2.17 | .81 N | 39.3 | 64.0 | 6.3 | 12.5 | .00 | .0 | 00-00-00 | 98.6 | 6.2 | 1.1 | 11.23 | 6.32 | 1182 |
| Int King Tab | IKNG | 22.50 | 19.50 | 22.50 | 2.25 | 11.11 | 22.94 | 3.16 | .36 | 1.53 | -1.86 | 6.82 | .92 | .72 F | 360.0 | 696.0 | 4.8 | 24.5 | .00 | .0 | 08-15-83 | 50.0 | 2.4 | .4 | 5.16 | 3.18 | 0683 |
| JBs Rest | JBBB | 16.50 | 14.25 | 14.50 | -2.00 | -12.12 | 18.13 | 8.00 | -.40 | -3.57 | -.19 | 25.76 | .93 | .21 N | 25.3 | 12.0 | 3.5 | 13.9 | .20 | 1.4 | 08-08-83 | 45.1 | 1.6 | .9 | 6.38 | 5.84 | 0982 |
| Jerrico Inc | JERR | 19.75 | 18.63 | 19.50 | .13 | .65 | 23.50 | 16.75 | .11 | -.44 | .27 | 68.01 | 1.33 | -.07 F | -5.0 | 27.0 | 4.6 | 14.7 | .12 | .6 | 08-18-83 | 454.1 | 21.0 | .9 | 2.91 | 8.99 | 0682 |
| Kapok Cp | KPK | 6.75 | 5.25 | 5.25 | -1.38 | -20.75 | 10.75 | 3.25 | -1.58 | -4.47 | 4.00 | 82.08 | -.37 | -.54 N | NE | -52.0 | -6.1 | NE | .00 | .0 | 00-00-00 | 11.4 | -.7 | 2.5 | 1.36 | 5.45 | 0982 |
| Kelly-Johnston | KEJO | 17.25 | 14.75 | 17.25 | 1.38 | 8.66 | 24.50 | 12.13 | -.43 | 2.78 | 1.97 | 17.08 | 40 | .09 Q | 27.2 | 57.0 | 5.9 | 41.1 | .00 | .0 | 10-13-82 | 40.8 | 2.4 | .9 | .89 | 4.40 | 0382 |
| Karcher Carl | CARL | 41.00 | 34.25 | 41.00 | 7.00 | 20.59 | 41.00 | 13.69 | .62 | 1.60 | 4.97 | -10.18 | 1.32 | .34 S | 28.5 | 23.0 | 4.0 | 26.8 | .00 | .0 | 02-16-83 | 231.0 | 9.3 | 2.4 | 8.31 | 8.13 | 0183 |
| Lubys Cafe | LUB | 34.00 | 32.50 | 33.50 | -.13 | -.37 | 35.00 | 23.50 | -.04 | .15 | 2.38 | 40.44 | 1.35 | .18 N | 13.8 | 30.0 | 9.1 | 22.6 | .60 | 1.8 | 09-02-83 | 127.3 | 11.6 | 1.9 | .64 | 6.79 | 0882 |
| Marcus Corp | MRCS | 14.63 | 13.88 | 13.88 | -.63 | -4.31 | 15.13 | 7.25 | .28 | -.86 | 1.39 | 61.07 | 1.28 | .24 Q | 21.0 | 7.0 | 6.1 | 10.1 | .25 | 1.8 | 07-01-83 | 108.9 | 6.6 | 1.2 | 2.72 | 11.07 | 0583 |
| Marriott Corp | MHS | 76.88 | 72.50 | 73.63 | -2.88 | -3.76 | 81.00 | 47.25 | -.18 | -.64 | -.70 | .52 | 3.44 | .58 N | 17.3 | 36.0 | 3.7 | 18.7 | .36 | .5 | 09-19-83 | 2541.4 | 94.3 | .9 | 33.49 | 19.43 | 1282 |
| McDonalds Cp | MCD | 67.50 | 64.25 | 67.25 | 1.63 | 2.48 | 74.50 | 53.63 | .29 | .04 | -2.50 | 3.40 | 5.00 | .63 S | 13.4 | 23.0 | 11.1 | 12.7 | 1.00 | 1.5 | 07-15-83 | 2715.2 | 300.6 | .5 | 17.62 | 25.51 | 1282 |
| Morrison Inc | MORR | 20.00 | 19.00 | 19.75 | -.25 | -1.25 | 21.06 | 12.84 | .11 | .28 | -3.36 | 18.27 | 1.34 | .21 Q | 17.9 | 14.0 | 4.5 | 14.3 | .40 | 2.0 | 10-07-83 | 416.4 | 18.7 | 1.5 | 2.39 | 8.57 | 0583 |
| Mr Steak | MSST | 10.00 | 9.50 | 9.50 | -.63 | -6.17 | 10.50 | 2.13 | .45 | -1.42 | -.35 | -8.02 | -.98 | -.17 N | NE | -38.0 | -2.7 | NE | .00 | .0 | 05-29-80 | 59.8 | -1.6 | 1.1 | 4.26 | 3.76 | 0982 |
| Nathans | NATH | 3.13 | 2.75 | 3.13 | .38 | 13.64 | 3.13 | 1.00 | 1.43 | .32 | 1.04 | -7.64 | .09 | .06 F | 200.0 | 34.0 | 1.1 | 34.7 | .00 | .0 | 09-09-83 | 17.5 | .2 | .8 | .05 | 1.79 | 0383 |
| Naugles Inc | NAUG | 20.50 | 17.25 | 18.25 | -2.25 | -10.98 | 32.75 | 14.06 | -.51 | -2.15 | -10.10 | -14.44 | .70 | .11 F | 18.6 | 162.0 | 3.6 | 26.1 | .00 | .0 | 11-01-82 | 86.7 | 3.1 | .4 | 8.04 | 2.73 | 0682 |
| Oakbrook Cons | OKCO | 16.50 | 16.00 | 16.50 | .50 | 3.13 | 18.50 | 13.50 | -.28 | -.14 | -6.13 | -50.00 | .69 | -.81 N | -90.0 | -10.0 | .4 | 183.3 | .32 | 1.9 | 06-09-83 | 143.6 | .6 | .6 | 3.82 | 13.85 | 0982 |
| Orange-co | OJ | 5.75 | 5.38 | 5.63 | -.25 | -4.26 | 7.88 | 4.38 | -.11 | -.12 | 2.19 | 13.60 | -.25 | -.41 N | -273.3 | 17.0 | -.8 | NE | .00 | .0 | 02-22-82 | 74.0 | -.6 | 1.3 | 13.28 | 4.63 | 0882 |
| Peoples Rest | PEPL | 12.25 | 10.38 | 11.25 | -1.00 | -8.16 | 15.13 | 5.75 | -.49 | -.90 | -7.48 | 31.13 | .28 | .09 F | 47.3 | 771.0 | 7.0 | 40.2 | .00 | .0 | 00-00-00 | 27.3 | 1.9 | .5 | .75 | 2.39 | 0682 |
| Piccadilly Caf | PICC | 14.63 | 13.63 | 14.63 | .25 | 1.74 | 18.13 | 12.75 | .29 | -.31 | -1.37 | -33.08 | .99 | -.40 F | -28.7 | 7.0 | 3.9 | 14.8 | .60 | 4.1 | 09-09-83 | 152.7 | 6.0 | 1.9 | .00 | 7.29 | 0682 |
| Pizza Inn | PZA | 13.88 | 12.63 | 12.63 | -.88 | -6.48 | 17.50 | 5.00 | -.34 | -.96 | -2.74 | 17.96 | .55 | .44 S | 97.7 | 5.0 | 1.3 | 14.2 | .04 | .3 | 07-12-83 | 135.1 | 1.7 | .9 | 12.32 | 6.63 | 1282 |
| Pizza Time Thea | CHKY | 12.75 | 10.00 | 10.00 | -3.25 | -24.53 | 26.00 | 10.00 | -1.07 | -7.26 | -1.51 | 28.17 | 1.27 | -.81 S | -75.7 | 268.0 | 7.6 | 38.5 | .00 | .0 | 00-00-00 | 99.3 | 7.5 | 1.2 | 5.53 | 9.23 | 1282 |
| Ponderosa Sys | PON | 21.00 | 19.50 | 21.00 | .38 | 1.32 | 25.25 | 15.00 | .29 | .54 | .05 | .76 | 1.50 | .13 S | 9.1 | -3.0 | 2.8 | 13.5 | .33 | 1.6 | 09-21-83 | 376.7 | 10.4 | .8 | 8.03 | 12.43 | 0283 |
| Ramada Inns | RAM | 10.88 | 9.50 | 10.50 | -.13 | -1.18 | 11.88 | 4.63 | -.04 | 1.01 | -3.05 | 38.87 | -.73 | -.45 S | NE | -38.0 | -3.6 | NE | .00 | .0 | 10-19-81 | 547.5 | -19.8 | .6 | 18.50 | 5.12 | 1282 |
| Restaur Assc | RA | 8.63 | 7.50 | 8.00 | -.38 | -4.48 | 11.38 | 4.38 | -.44 | -2.02 | 1.23 | 20.00 | .77 | .06 S | 9.2 | 40.0 | 1.8 | 11.3 | .00 | .0 | 00-00-00 | 104.8 | 1.9 | 1.0 | 3.98 | 7.15 | 1282 |
| Ryans Fam Steak | RYAN | 25.75 | 25.25 | 25.75 | .25 | .98 | 28.25 | 3.63 | .15 | -.27 | -2.57 | 9.53 | .33 | .07 S | 21.8 | 89.0 | 10.6 | 66.0 | .00 | .0 | 04-20-83 | 9.4 | 1.0 | 3.1 | .34 | 1.61 | 1282 |
| Saga Corp | SGA | 36.25 | 35.13 | 35.75 | .88 | 2.51 | 40.25 | 16.38 | .08 | -.71 | -4.72 | 1.11 | 2.10 | .47 F | 28.8 | 88.0 | 2.3 | 17.0 | .36 | 1.0 | 08-15-83 | 978.8 | 22.4 | .9 | 4.65 | 10.62 | 0683 |
| Sandwich Chef | SHEF | 13.75 | 13.50 | 13.50 | .00 | .00 | 15.50 | 11.75 | .21 | -.74 | -9.14 | 87.62 | .70 | -.07 F | -9.0 | 30.0 | 4.5 | 19.3 | .00 | .0 | 00-00-00 | 20.2 | .9 | .6 | .50 | 3.42 | 0682 |
| Sea Galley | SEAG | 11.38 | 10.75 | 11.25 | .50 | 4.65 | 15.00 | 5.50 | -.73 | -.81 | -1.85 | 57.66 | .02 | -.93 S | -152.4 | -15.0 | -.6 | NE | .00 | .0 | 06-02-81 | 70.1 | -.4 | 1.3 | 5.10 | 4.90 | 1282 |
| Servico Inc | SRVI | 15.50 | 15.00 | 15.25 | .00 | .00 | 17.94 | 8.63 | -.34 | -.59 | -2.59 | -27.17 | .67 | -.40 S | -41.6 | 27.0 | 1.5 | 27.2 | .00 | .0 | 09-09-83 | 138.1 | 2.1 | 1.1 | 59.81 | 5.64 | 1282 |
| Shoneys Inc | SHON | 22.75 | 21.25 | 21.25 | -1.25 | -5.56 | 27.38 | 17.06 | -.41 | -1.47 | -2.82 | 3.01 | .86 | .26 N | 35.6 | 26.0 | 5.1 | 21.5 | .15 | .7 | 10-03-83 | 324.9 | 16.6 | 1.0 | 2.65 | 5.02 | 1082 |
| Sizzler Rest Intl | SIZZ | 12.50 | 11.25 | 12.50 | .50 | 4.17 | 16.25 | 8.50 | -.35 | 1.61 | -4.61 | 34.08 | 1.01 | 1.09 Q | NC | 18.0 | 4.5 | 11.5 | .00 | .0 | 00-00-00 | 128.0 | 5.8 | 1.0 | 2.33 | 4.63 | 0482 |
| Skippers | SKIP | 12.00 | 10.00 | 11.25 | -.75 | -6.25 | 15.50 | 4.16 | -.82 | 2.51 | 5.19 | 4.55 | .48 | .45 N | 121.6 | 18.0 | 2.6 | 13.7 | .08 | .7 | 03-31-83 | 38.1 | 1.0 | .5 | 3.38 | 6.69 | 1282 |
| Sonesta Hotel | SNSTA | 22.00 | 22.00 | 22.00 | 1.34 | 6.51 | 22.00 | 18.00 | .27 | -.78 | 9.28 | .00 | .37 | -.18 S | -20.9 | -1.0 | .9 | 32.4 | .26 | 1.2 | 10-05-83 | 80.1 | .7 | 1.1 | 34.95 | 12.68 | 1282 |
| So Hospitality | SHOS | 5.13 | 4.88 | 5.13 | .38 | 7.89 | 7.50 | 1.38 | -.24 | .39 | -4.63 | 11.97 | .27 | .09 Q | 42.8 | 102.0 | 3.8 | 17.1 | .00 | .0 | 00-00-00 | 26.3 | 1.0 | .8 | 4.32 | .24 | 0583 |
| Steak n Shake | STAK | 7.00 | 5.63 | 7.00 | .38 | 5.66 | 9.25 | 2.63 | -1.28 | 2.32 | -.58 | 17.40 | .18 | .15 N | 166.6 | -12.0 | 1.4 | 29.2 | .00 | .0 | 05-17-79 | 57.2 | .8 | 1.1 | 4.94 | 2.76 | 0982 |
| Victoria Stations | VSTA | 8.75 | 8.25 | 8.25 | -.38 | -4.35 | 13.63 | 5.00 | -.41 | -1.67 | -.17 | -3.77 | -2.39 | -2.76 Q | -725.0 | -79.0 | -7.1 | NE | .00 | .0 | 09-19-79 | 111.9 | -8.0 | .6 | 8.39 | 8.51 | 0383 |
| Wendys Intl | WEN | 17.00 | 14.88 | 16.75 | 1.13 | 7.20 | 19.63 | 13.00 | -.01 | 2.32 | 1.36 | -4.63 | 1.13 | .15 S | 14.2 | 22.0 | 7.3 | 14.0 | .24 | 1.4 | 08-08-83 | 604.3 | 44.1 | .8 | 2.53 | 6.50 | 1282 |
| Webb Del E | WBB | 20.50 | 18.75 | 19.75 | -.25 | -1.25 | 25.00 | 6.50 | .48 | .42 | -.92 | .57 | .16 | .38 S | NE | -23.0 | .5 | 658.3 | .00 | .0 | 11-07-80 | 311.2 | 1.5 | .9 | 11.32 | 13.71 | 1282 |
| Western Steer | WSMP | 13.25 | 13.00 | 13.00 | .00 | .00 | 17.50 | 8.25 | -.18 | -1.34 | 2.56 | 61.02 | .92 | -.13 S | -11.8 | 6.0 | 3.1 | 13.4 | .16 | 1.2 | 08-29-83 | 28.8 | .9 | 1.3 | 6.21 | 7.23 | 0283 |
| Winners Cp | WNER | 14.00 | 12.63 | 12.63 | -1.13 | -8.18 | 17.13 | 8.91 | -.50 | -1.00 | -1.47 | 4.20 | .63 | .01 S | 1.6 | 11.0 | 2.6 | 20.7 | .00 | .0 | 03-10-83 | 83.1 | 2.2 | .5 | 7.06 | 6.43 | 1282 |

*KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year*
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

# FINANCIAL NEWS

## EARNINGS REPORT

| Company | Period | Period Ended | Total Sales* | % Change | Revenues*† | % Change | Net Income (Loss)* | % Change |
|---|---|---|---|---|---|---|---|---|
| Beefsteak Charlie's | 3 mos.<br>9 mos. | 8/6 | | | $23.3<br>75.8 | 2.0<br>— | $ 0.039<br>1.360 | (96.0)<br>(47.0) |
| Chi-Chi's | 3 mos. | 7/31 | | | 36.3 | 79.0 | 3.600 | 77.0 |
| Carrols Corp. | 3 mos. | 8/31 | $32.5 | 46.0 | | | 1.800 | 30.0 |
| Bob Evans Farms Restaurant div. | 3 mos. | 7/29 | 30.0 | 15.0 | | | 2.500 | 13.0 |
| Marriott Corp. | 3 mos. | 9/9 | 747.0 | 18.3 | | | 36.700 | 22.7 |
| Southern Hosp. Corp. | 3 mos. | 8/31 | | | 8.0 | 46.0 | 0.274 | 43.0 |
| Western Steer—Mom 'N' Pops | 3 mos.<br>6 mos. | 8/12 | | | 7.9 | 26.0 | 0.231<br>0.456 | 14.7<br>27.1 |

Source: *Company earnings reports*

*—loss in corresponding period*
**In millions*
*†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.*

# Marriott net profit increases 23%

*Gains attributed to improvements in major lines of business.*

BETHESDA, Md.—Marriott Corp. reports that net profit rose 22.7% to $36.7 million in the third-quarter ended Sept. 9 compared to the same period a year ago.

Sales in the third-quarter increased 18.3% to $747 million.

Gains were attributed to "overall improvement in all major lines of business—hotels, contract food services, restaurants and theme parks," according to president Bill Marriott.

Marriott owns, operates and franchises 125 hotels; numerous restaurants including Roy Rogers fast-food units and Big Boy coffee shops, and many flight kitchens providing meals for airlines.

Marriott said the company benefited from a 7% decline in interest expense during the third-quarter, but said growth in net income was lower than in operating income because of a higher effective tax rate.

# Western Steer parent profit up 15% in 2nd qtr.

CLAREMONT, N.C.—Western Steer-Mom 'N' Pop's Inc., parent company of Western Steer Family Steakhouses and Mom 'N' Pop's, has reported profits for the second quarter ended Aug. 12 of $231,000, up 14.7% from $202,000 reported in the same quarter last fiscal year.

Second-quarter revenues were $7,892,000, up 26% over the $6,265,000 reported in the second quarter of the prior year.

For the first six months Mom 'N' Pops reported net profits of $456,000, up 27.1% from $359,000 in net profits recorded during the first six months of last year.

# Chi-Chi's earnings increase 77%

LOUISVILLE—Chi-Chi's reported net profit in the first quarter ended July 31 increased 77% to $3.6 million compared to the same period last year. Revenue for the quarter rose 79% to $36.3 million.

Shelly Frank, chairman and chief executive of the chain of 52 company-owned and 57 franchised Mexican-style dinnerhouses, said sales were "robust" in both mature and new units. "In fact," he said, "we are experiencing some of the strongest restaurant openings in our history."

Seventeen new dinnerhouses have been opened this fiscal year. Frank said the company was "on target" to reach a goal of 145 restaurants operating by the end of the year.

Meanwhile, shareholders at the company's annual meeting Sept. 26 approved a three-for-two split of the company's common stock. The stock was selling at 37⅜ before the split and 24⅞ afterwards. The split was payable on the next day to shareholders as a dividend. This was the fifth dividend granted since the company began in 1977.

Shareholders also approved an increase in common stock from 22 million to 70 million shares.

The board of directors, meanwhile, approved the redemption and conversion of about $10 million in convertible subordinated debentures that had remained outstanding out of a recent $20 million offering at 10½%.

During the first quarter Chi-Chi's opened its 600th unit, in Scarborough (a suburb of Toronto), Ontario. There are Chi-Chi's in four Canadian provinces and 31 states.

## Bob Evans Farm restaurant div. net up 13%

COLUMBUS, Ohio—Bob Evans Farms restaurant division reports profits rose 13% to $2.5 million on a 15% increase in net sales to $30 million in the first quarter of fiscal 1984 ended July 29 compared to same period a year earlier.

Three new Bob Evans Farms family restaurants opened in the quarter, bringing the total to 96 compared to 82 a year ago. Two other restaurants have since opened and seven others are under construction.

Total company profits, which include results from the sausage and restaurant divisions, were up 24% to $4.1 million on a 6% rise in net sales to $47 million in the quarter compared to the year-earlier period.

# Keg buys 16 Crock and Block units

VANCOUVER, Canada—Keg Restaurants Ltd. says it has completed acquisition of 16 Crock and Block restaurants in Ontario and a 50% interest in the real estate of 12 of them.

Keg, an 87-unit dinnerhouse chain, plans to convert four of the former General Foods units to Kegs this year with the rest to follow later.

The restaurants and real estate interests were acquired from Canterbury Foods Ltd. for $9 million (Canadian) cash, 250,000 class A Keg shares and a convertible note for $1 million.

# Popeye's franchisee maps growth of chili chain

**By Charles Forman**

NEW YORK—When Fast Food Operators, the local Popeye's franchisee, inked a deal in July to take over Florida-based JoAnn's Chili Bordello restaurants, Fast Food's president, Aaron Fodiman, called the transaction "an outstanding opportunity for the company."

Talking to a group of Wall Street securities analysts last month, Fodiman set late November as the proposed date for an initial offering of JoAnn's stock—the latest of one of many recent industry spinoffs—and talked up the idea that the JoAnn's opportunity had become even more "outstanding."

The first outstanding thing about JoAnn's is that Fast Food Operators was able to buy a controlling interest (62.5%) for just $2,500.

Jacksonville-based JoAnn's, operator and franchisor of seven restaurants with annual unit volumes of between $750,000 and $1.5 million is "a very profitable entity" Fodiman said to the analysts.

So, how could Fast Food Operators buy in for so little? "It's better to have a smaller piece of a good pie . . ." Fodiman said, "and the principals of JoAnn's recognized that."

After the public offering, Fast Food Operators will still hold about 45% of JoAnn's, Fodiman said. No selling shareholders are involved, according to the Fast Food Operators president, so all proceeds—an expected $2 million—will go to the company.

The $2 million should go far. Fodiman said opening a new unit costs about $200,000, mostly for leasehold improvements. JoAnn's concentrates on conversions of existing restaurants. Even secondary locations work well for a JoAnn's, Fodiman declared, because traffic was built by personal recommendations.

"Any basic restaurant kitchen will do," Fodiman said, to put out the JoAnn's menu, which spotlights 15 different kinds of chili.

More varieties are in the works, including a vegetarian chili, Fodiman said. He told the analysts "we feel chili is one of the American foods that nobody has capitalized on."

The menu draws an average per-person check of $7, including liquor. Bar sales average a little over 30% of the total gross. Specialty drinks are emphasized.

Fodiman also promoted to his audience the bordello theme: Victorian decor touches, dark crimsons, waitresses suited out in uniforms that show a lot of leg.

Other casual themers "look the same," he said. "JoAnn's stands out."

Fast Food Operators hopes to franchise JoAnn's but is also working to open company units in major metropolitan areas. Fodiman said he hoped to open "two or three" units in New York City when site agreements can be worked out. (He was involved in negotiations for the former Lobell's Steak House location in midtown Manhattan, but another operator got the lease.)

*'It's better to have a smaller piece of a good pie, and the principals of JoAnn's recognized that.'*

**—Aaron Fodiman president, Fast Food Operators**

In response to a question, Fodiman noted that a JoAnn's typically brought in a store-level pretax margin of 25%. A franchisee, he said, would give up an additional 5% in royalties.

Despite company enthusiasm for its casual theme concept, Fast Food Operators backbone is still its Popeye's Famous Fried Chicken operation.

Popeye's, which is part of A. Copeland Enterprises, Jefferson, La., operates or franchises 350 units in 35 states. It's a privately held business. Fast Food Operators, which is public, is the exclusive franchisee for the New York Metropolitan Area.

Currently Fast Food has eight Popeye's open: three in Manhattan, two in Queens, two in Brooklyn and one in Teaneck, N.J. Two more are under construction in Queens and building contracts have been finalized for additional units in Queens and Brooklyn.

Fodiman said 12 units would be open by the end of December. He said his company's contract with the franchisor called for a total of 17 Popeye's to be in operation by the end of 1984.

Fodiman said his company's stores averaged $750,000 in annual sales and that new stores were achieving profitability two months after opening (with a 30% drop-through of sales to the bottom line after breakeven).

All the units are in former fast-food restaurant locations and the average cost of opening a Popeye's, including equipment, has been about $200,000, Fodiman said.

The menu featuring spicy fried chicken, made-from-scratch biscuits, coleslaw, Cajun rice or French fries, plus apple pie, pecan pie and chocolate and vanilla ice cream is bringing in an average transaction tab of $4.25, Fodiman said. Estimated average per-person check is $3.50.

Store level margins are 20%, Fodiman said. Corporate overhead eats away 7%-8% more, he noted.

Fodiman was queried on how his stores could be successful in locations where others had failed. "For the same reasons," he said.

He explained that deteriorating neighborhoods—death to some concepts—were often excellent locations for Popeye's.

New York City itself is quickly becoming a war zone, in a competitive sense, for chains like Popeye's, Horn & Hardart's, Bojangles, Church's, Kentucky Fried Chicken and the Riese Organization's Georgia Fried Chicken operation.

Popeye's has an advantage, some observers have asserted, because its menu allows customers to pick the piece of chicken they want.

Fodiman said the company was hoping to put a number of new units in nearby New Jersey.

Fodiman also commented for the analysts on a deal Fast Food Operators has to provide management consultant services to Kapok Tree Inns Corp. which operates four restaurants in Florida and one in Maryland and owns a restaurant supply company.

Fast Food Operators deal gives the company a $90,000 fee for one year's work, plus 10% of any "turnaround." Fodiman said it was too soon to estimate any pay-off from that provision.

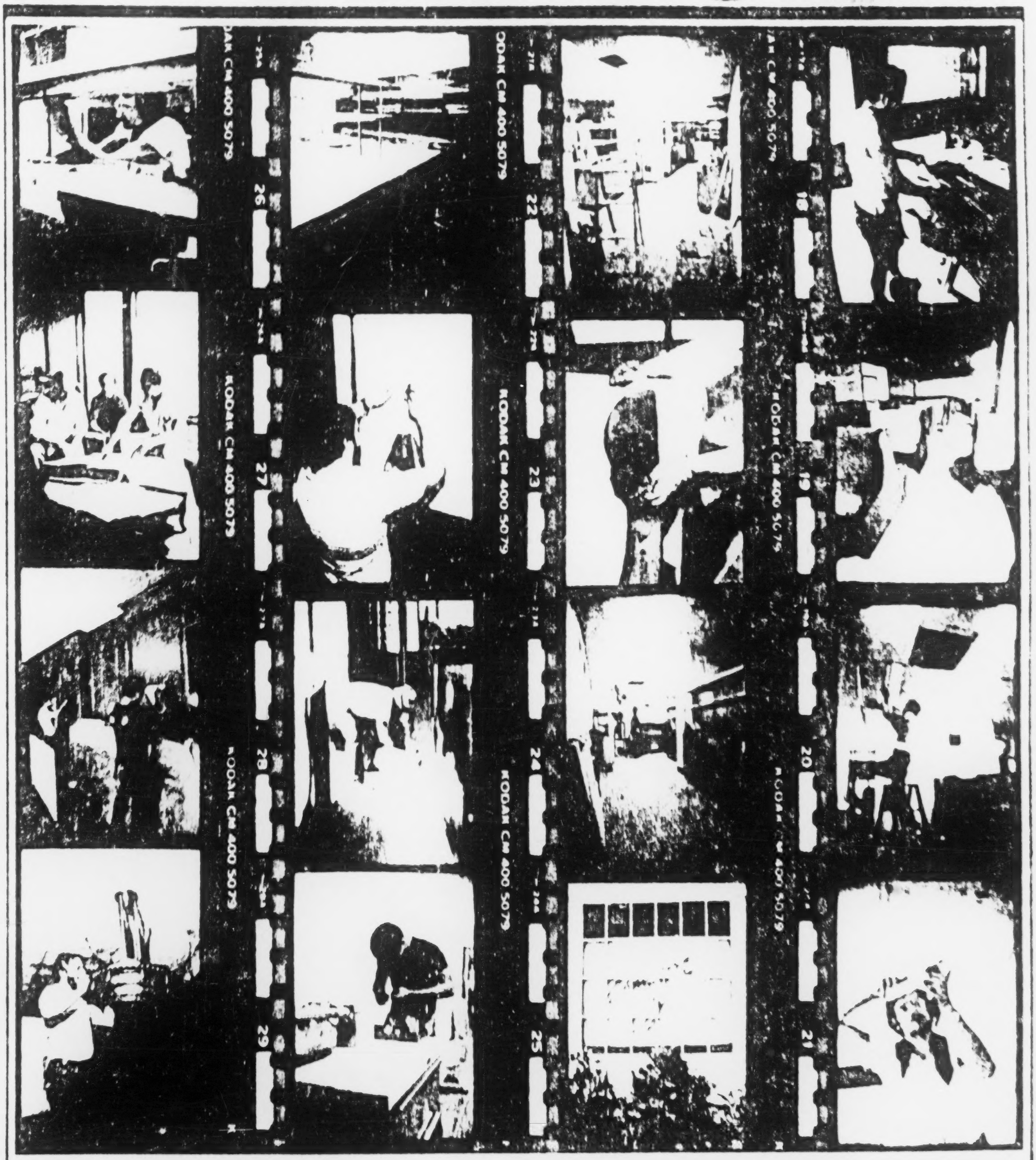
Fodiman was questioned on the wisdom of Fast Food Operators getting involved in so many different projects. He said all the company's business "will grow."

"We're a three-headed Hydra that will be in balance," he said.

National Restaurant News

October 24, 1983/Section Two

# RESTAURANT INTERIORS



## Remodeling: An Industry Profile

RESTAURANT
# INTERIORS

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# Remodeling: An Industry Profile

# *Remodeling Study: An Industry Profile*

*Perhaps it's the worn carpet, the peeling paint, the torn banquette fabric that finally drew one negative comment too many. Or it's the whole look and feel that no longer seem to fit marketing intentions or that have fallen out of step with the trends of the times.*

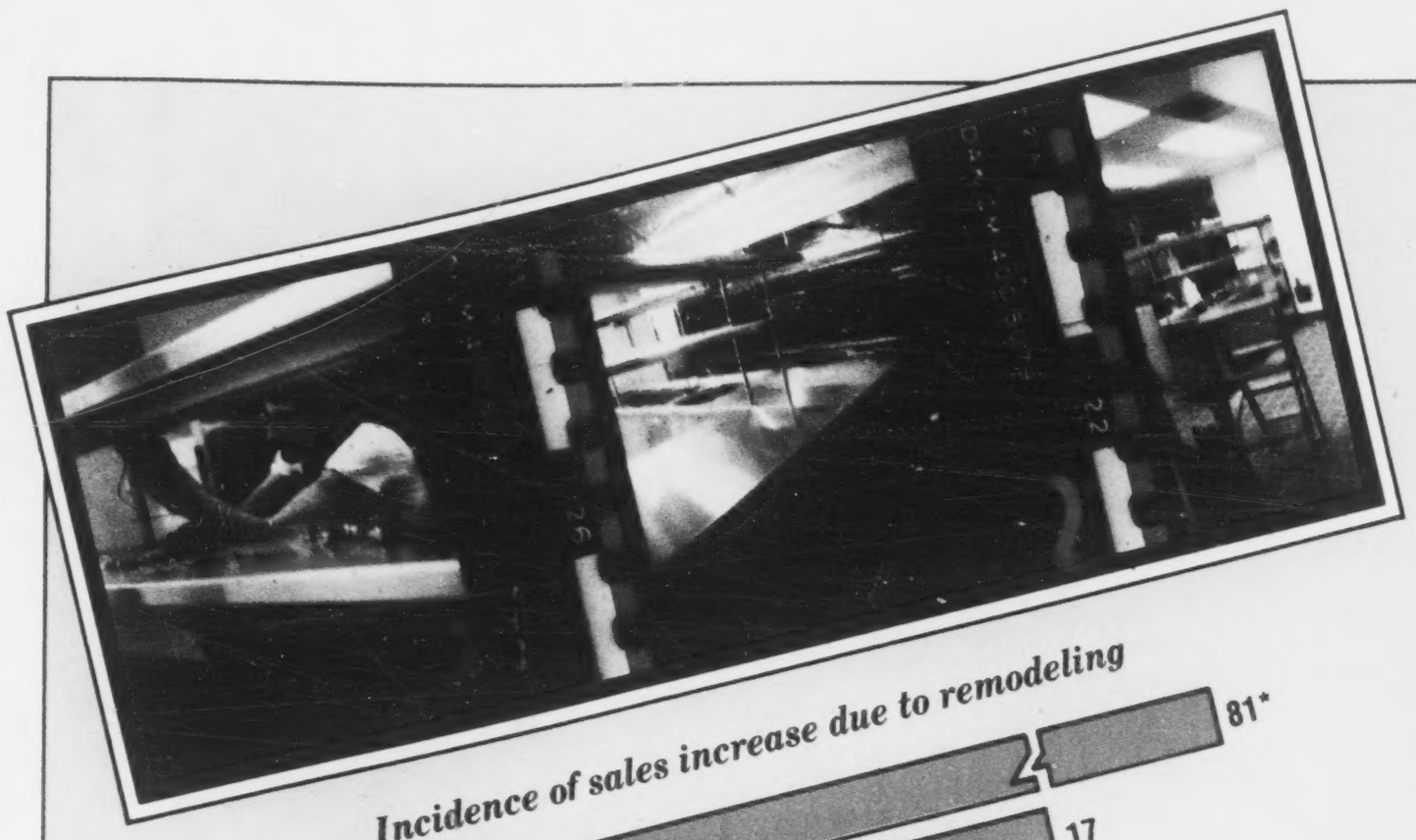
*For whatever reason a restaurant decides to remodel—be it a complete renovation, a refurbishment or merely a facelift—one thing appears for certain: at a time when fashion governs decision-making at many restaurant enterprises, when competition in the industry is keener and the consumer more discriminating than ever, remodeling is much on an operator's mind.*

*In this issue's cover story, Restaurant Interiors reveals the results of a new* Nation's Restaurant News *study on remodeling in the restaurant industry: the how and why of remodeling, the design trends, expectations and actual results. The industry profile emerged from a telephone survey of 90 different operations—ranging from independents to fast-food, coffee shop and dinnerhouse chains—which recently remodeled their interiors.*

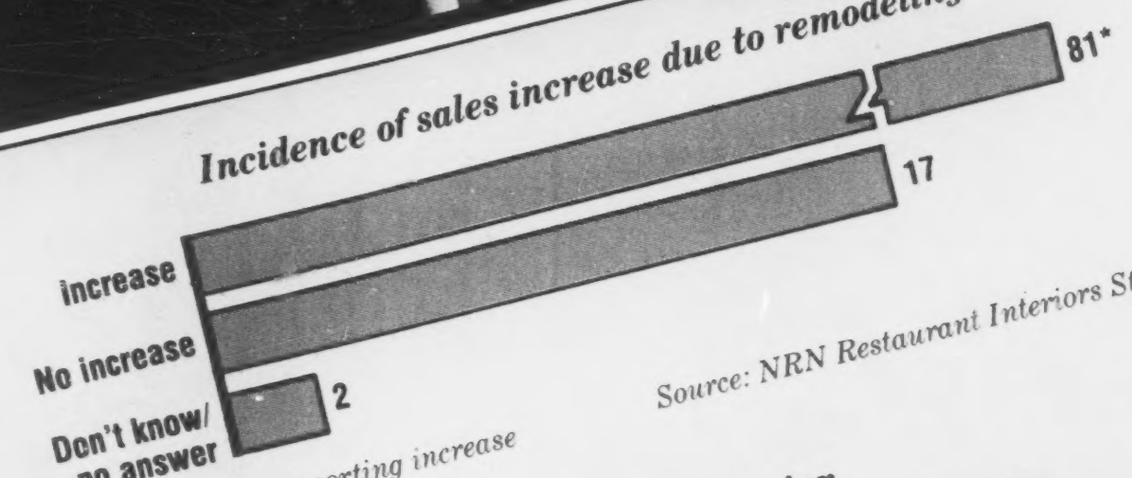
**Deciding factors.** What are the major factors influencing food service executives' decisions to remodel restaurant facilities?

Not surprisingly, the most frequent response is "need for change," for a "fresh appearance," and "general wear and tear." More than half of all respondents mentioned these factors. But fashion plays a major role as well: At least four out of 10 respondents said they remodeled because their restaurant's decor was "outdated."

Other reasons mentioned by at least one of every 10 respondents included more business volume, addition of latest food-service equipment, pressure from competing restaurants, a desire to attract new customers, concept change or image upgrading, a need to increase



**Incidence of sales increase due to remodeling**

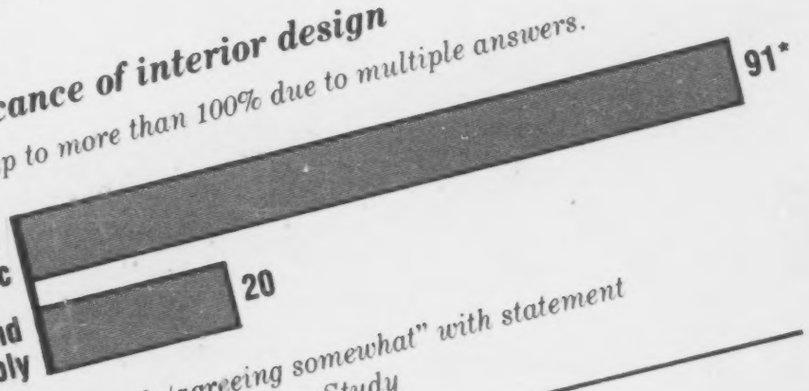



*Per cent of operators reporting increase

Source: NRN Restaurant Interiors Study

**Significance of interior design**

*Note: Percentages add up to more than 100% due to multiple answers.*




*Per cent of operators "agreeing strongly/agreeing somewhat" with statement

Source: NRN Restaurant Interiors Study

seating capacity and improvement of customer service.

Needing change/fresh appearance, general wear and tear and "outdated" decor were also the two most frequent responses among each of the different restaurant types surveyed, including fast-food, family restaurant/coffee shop, dinnerhouse and independents. But significant differences did exist between the restaurant types: for example, a far higher number of each of the chain types other than independents mentioned the need to keep up with the competition as a reason for remodeling. In addition, fast-feeders appear more concerned with attracting new customers than dinnerhouses. On the other hand, family restaurants/coffee shops were looking to increase seating capacity more than either fast-feeder or dinnerhouses.

What sources of information are generally used in determining whether to remodel? "Own observations" was cited by 40% of all respondents, while 23% said management or the corporate office decided. But operators apparently listen to their customers as well: 18% said customer comments or surveys led to the remodel. A drop in business was cited by 14%; the competition proved a useful source of information for another 14%; 11% used outside consultants, while 10% cited the opinions of staffers.

Again, a significantly higher level of chain concepts than independents mentioned "competition" as playing a role in the remodeling decision.

When asked to rate four selected factors that govern a decision to remodel, the "potential of attracting a broader customer base" received the most "extremely/very important rating" (77%). A facility's age rated second in importance, while the need to maintain a "new look" was also perceived by more than half of respondents as extremely or very important. Staying ahead of the competition, however, was the factor cited by the fewest number (27%) of respondents.

On a restaurant-type basis, significantly more fast-feeders (93%) and dinnerhouses (80%) than independents (50%) gave top ratings to remodeling's potential for attracting more customers.

Businessmen as they are, restaurateurs harbor some definite expectations before they commence on a remodel. "Increase volume" was the spontaneous response given most often—by six out of every 10 respondents—when asked to indicate what kind of return on investment they were looking for. At least two out of 10 also mentioned "attracting a new clientele." Others said they expected their employees to become more productive, and a few were looking to increase their facility's value.

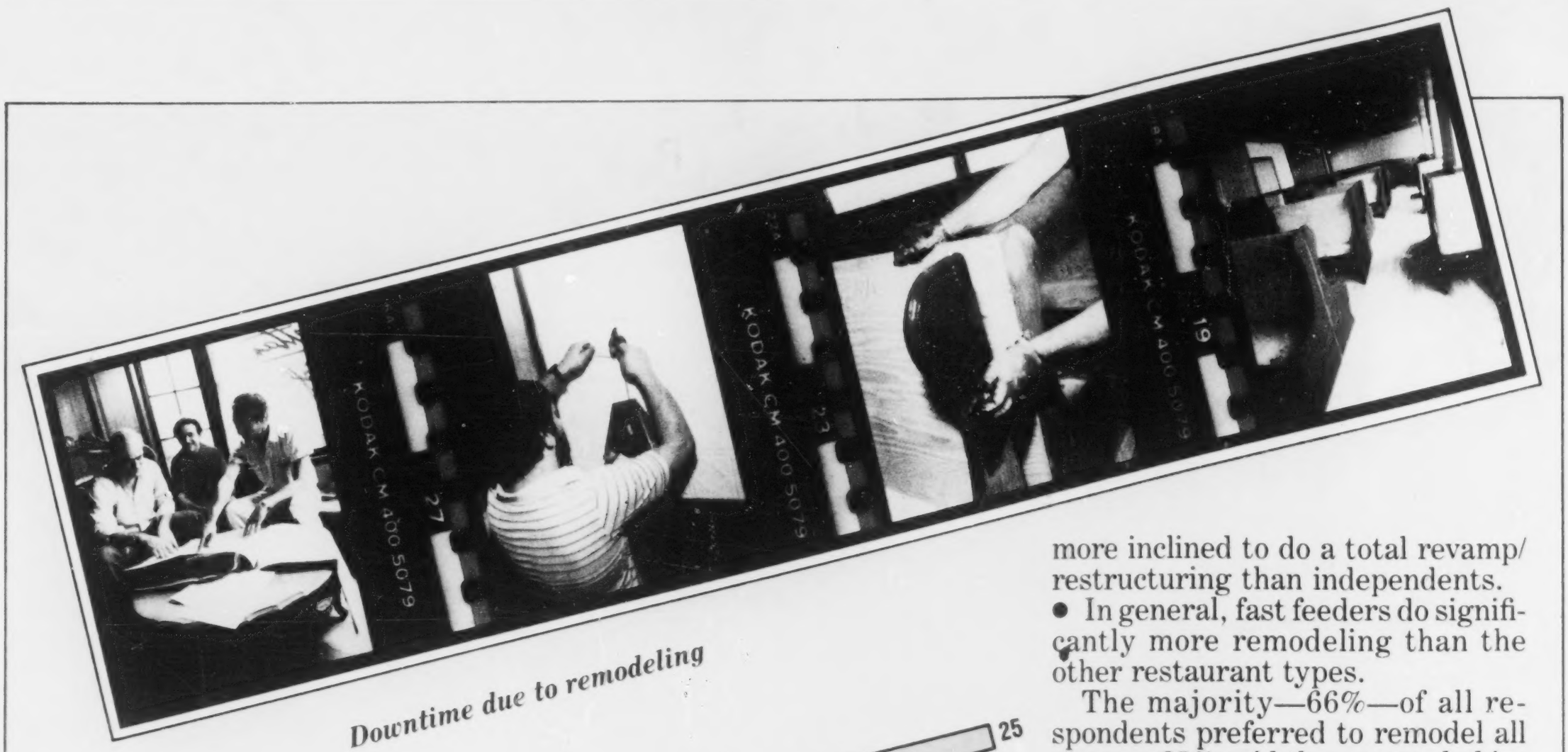
There's a significant difference in expectations among different restaurant types, however. For example, a much higher proportion of dinnerhouses (80%) than family restaurant/coffee shops anticipated increased volume. In addition, more independents and fast-food chains expected to attract new customers than did family restaurants.

Few would ever argue that interiors last forever; in fact, the average lifespan for restaurant decor was pegged at 7.3 years. More than two out of 10 believe a remodel is needed at least every four years or less, and nearly three out of 10 give interiors an average lifespan of five to six years.

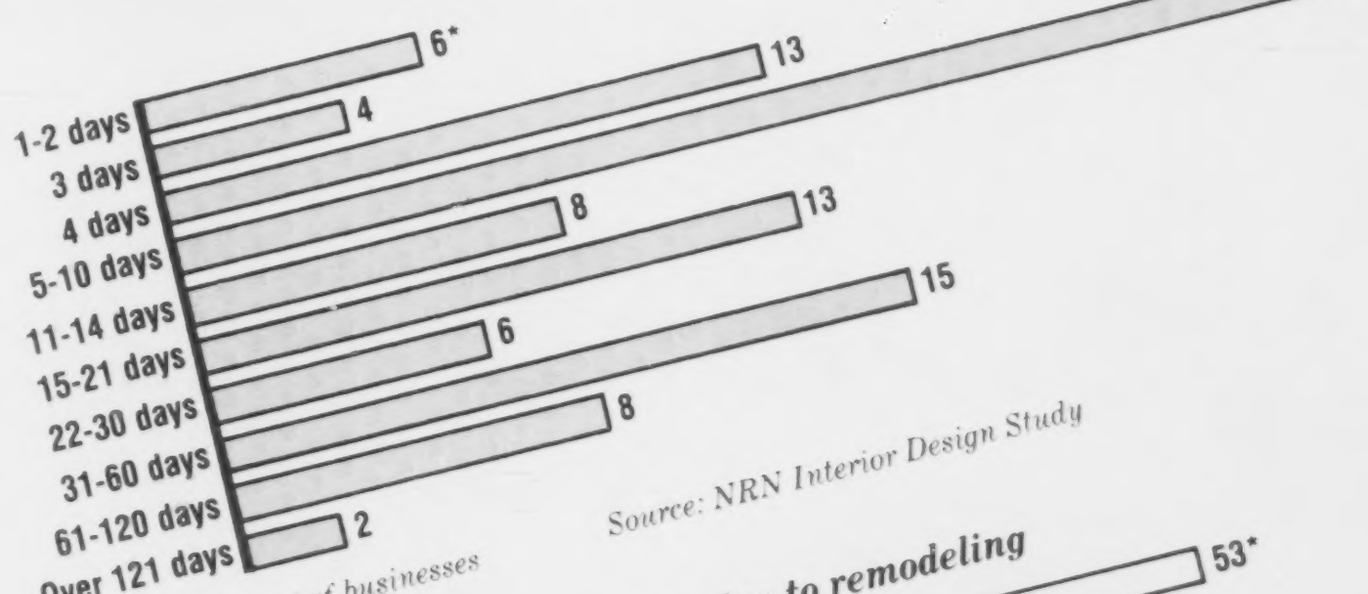
Among the different restaurant types, the range went from an average low of 6.2 years in dinnerhouses to a high of nine years in the independent establishments. The time span before remodeling or replacing decor in both family restaurant/coffee shops and fast-food chains was about every seven years.

By contrast, the need for replacing or remodeling kitchens is at longer intervals than interior decor—an average of every 10 years.

Kitchen facilities in dinnerhouses needed to be replaced a bit more often than in other restaurant types—on average about once every



***Downtime due to remodeling***




*Per cent of businesses

*Source: NRN Interior Design Study*

***Incidence of downtime due to remodeling***




*Per cent of businesses

*Source: NRN Restaurant Interiors Study*

8.5 years. Fast-food chains pegged the lifespan at an average of 11 years.

**Types of remodeling.** The two areas that get the most attention when it comes to remodeling are floors and walls. Whether the decision was to lay new flooring or merely cover it with a new carpet, 42% of the respondents gave their floor a new look. Wall coverings—paper, paneling or mirrors—were put up by 38%, while another 33% had their walls painted.

About three out of 10 said they totally revamped/restructured their restaurants' interiors. And two of over 10 mentioned new furnishings, new or upgraded kitchens, and new lighting systems.

Other, less frequently mentioned types of remodeling included renovation of the lounge; expansion of seating; addition of fixtures/cabinets/display cases; expansion of space/addition on building; and tiling.

Exteriors apparently receive much less emphasis than interiors, however; only 9% remodeled the outside of their restaurants.

When looking at the remodeling done by the various categories, several significant differences come to light, however:

- Dinnerhouses are more likely to remodel floors than family restaurant/coffee shops.
- Fast-food chains mention "painting" more frequently than family restaurant/coffee shops.
- All of the chain restaurants are more inclined to do a total revamp/restructuring than independents.
- In general, fast feeders do significantly more remodeling than the other restaurant types.

The majority—66%—of all respondents preferred to remodel all at once; 28% said they upgraded interiors in phases. All in all, a greater percentage of chain restaurants than independents remodeled all at once.

Among the restaurant chains in the survey, 46% used in-house design departments to get the job done, while 39% took advantage of both internal *and* outside sources. Only 16% used an "external" company exclusively.

How do chains choose their (independent) design companies? Most frequently by seeing a design they like and then contacting the designer, by referrals or by word of mouth. Cost, on the other hand, plays a much lesser role in choosing designers. How long a design company has been in business doesn't seem to matter much either.

Chains that had hired independent designers were generally happy with the results: 63% said they were "extremely" or "very" satisfied; 29% were "somewhat" satisfied.

Where does the typical remodel dollar go? The survey identified four distinct expense categories: interior furnishings, general contracting, kitchen equipment and landscaping and signage.

On average, 27¢ of every remodel dollar is spent on interior furnishings, although nearly 2 of 10 respondents said they spent between 46%-60% of their total remodeling budgets on interior furnishings; 14% allocated more than 60¢ of every dollar.

General contracting received 35¢ of each dollar. But 22% of the re-

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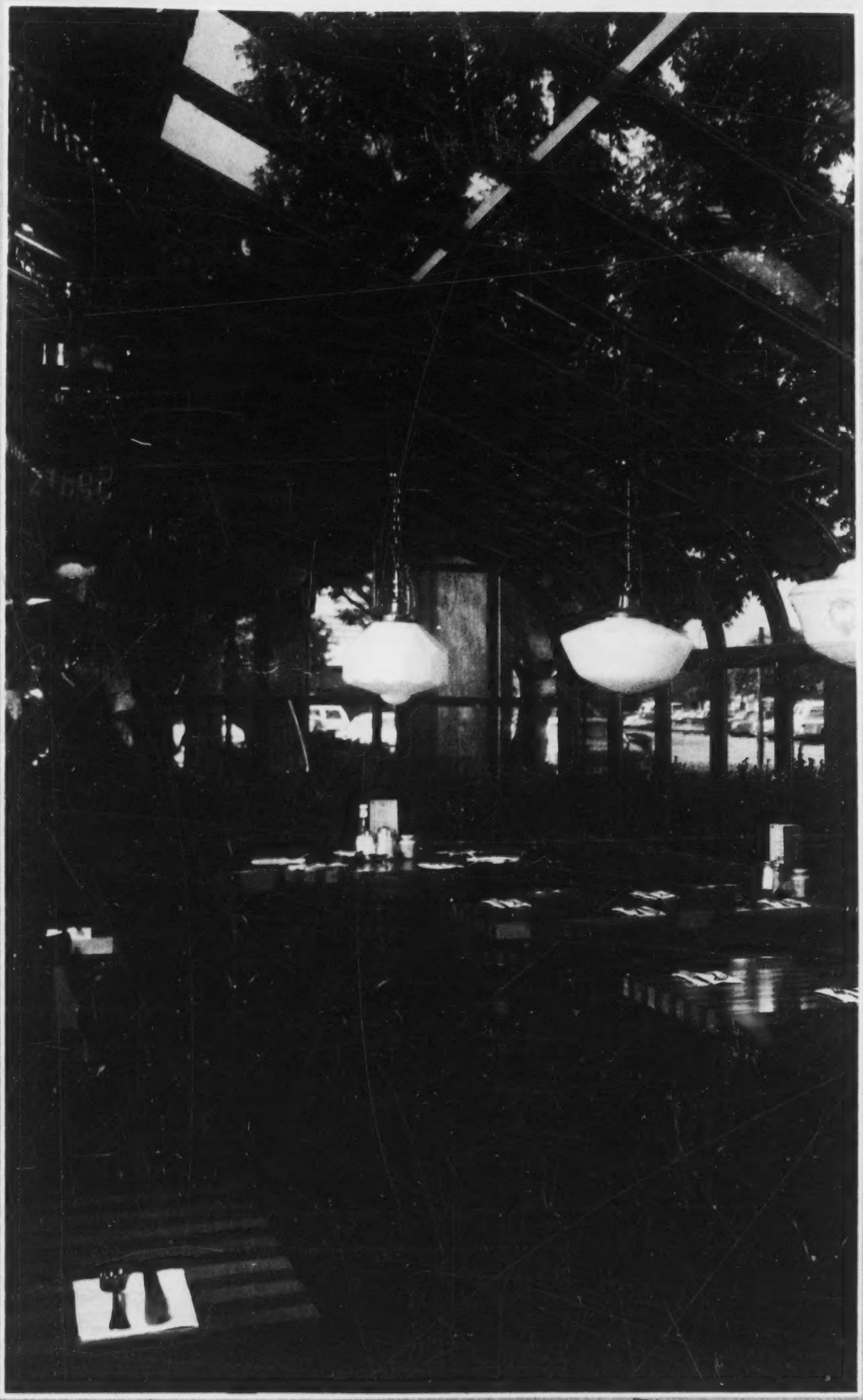

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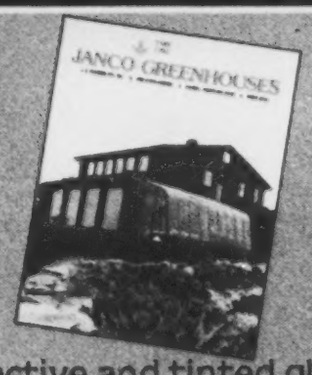


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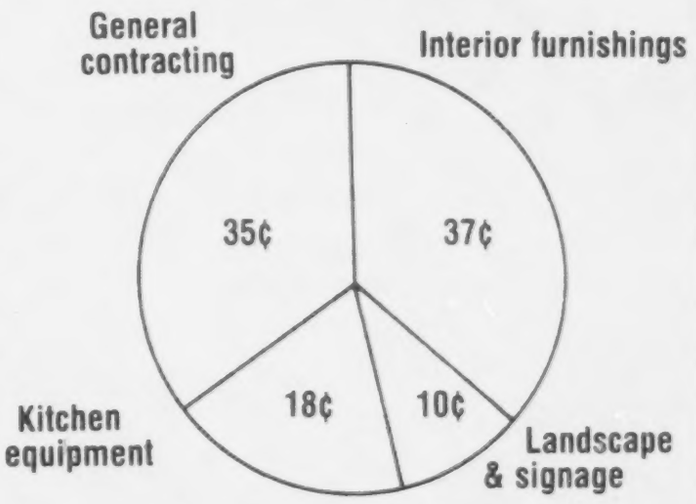
spondents spent less than 10¢ of each dollar on this area, while 18% spent between 46¢-50¢.

Kitchen equipment received less than 1% of the remodel budget from 29% of those surveyed; 21% said they spent from 2%-12%; 24% spent from 13%-20%, and only 9% spent more than 36% of their budget on the kitchen. Overall, 18¢ of the remodel dollar went for kitchen work.

Landscaping and new signage received the least amount of the remodel dollar: slightly less than 10¢ on average.

Downtime is an unfortunate, but often unavoidable, side effect of restaurant remodeling. Among the 53% of all respondents who said they closed their unit, one-quarter

***The remodel dollar***




*Source: NRN Restaurant Interiors Study*

closed from five-10 days. A mere 2% closed for more than four months, indicating substantial reconstruction. Overall, the average downtime was 24 days.

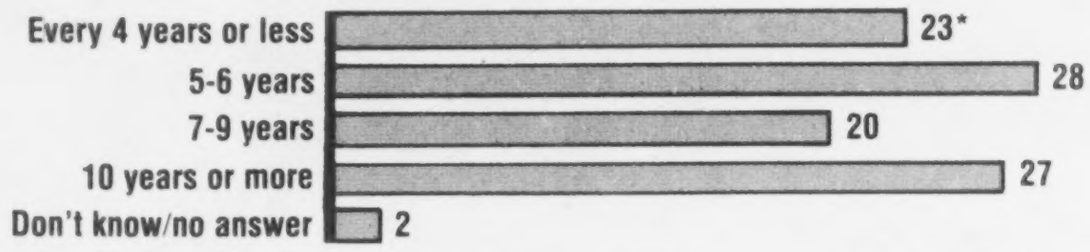
**Results of remodeling.** *NRN*'s study shows that remodeling can be instrumental when it comes to any restaurateur's goal: increasing business.

A whopping 81% of all respondents said they enjoyed a sales increase following a remodel; only 17% did not experience any changes.

The increase in business was particularly apparent among both fast-food (93%) and dinnerhouse (90%) chains.

Of course, the amount by which sales go up after remodeling depends on a variety of factors, including the scope of the remodel and any other operational changes made in conjunction with the remodel. For example, roughly half of those polled in the *NRN* survey said they also changed their menu, while

*Frequency of remodeling*




**Per cent of operators remodeling  Source: NRN Restaurant Interiors Study*

more than 4 out of 10 changed their ad strategy or campaign.

Even so, those who experienced a sales increase after remodeling on the average attributed nearly 40% of the increase *directly* to remodeling. The impact on fast-food chains was the greatest—nearly 45% of their increased sales were attributed to remodeling.

And the sales hikes due to remodeling seem to last a considerable time—an average of 32 months for all types of restaurants combined.

In fact, a full 10% of all respondents said the sales hike due to remodeling was "permanent."

One interesting sidenote: Among those who changed their menu in conjunction with the remodel, more than 4 out of 10 said the "new look led to menu changes." Another reason cited by food-service executives was that the installation of new equipment allowed for new menu items.

**Design trends.** Clean, simple, natural—those appear to be the interior design buzzwords for the near future, judging by what restaurateurs said when asked to pinpoint design trends.

"Uncluttered . . . simple . . . toned-down colors" was the most frequent response. Other trends mentioned included "customer-oriented/pleasing/comfortable"; contemporary/modern/plastic"; "airy/sunlit/open/lighter."

In addition, at least 1 out of 10 respondents perceived a trend toward brighter color schemes, natural materials such as wood and a casual, less formal atmosphere.

In fact, 73% of all respondents agreed "strongly" or "somewhat" with the view that the trend in restaurant design is toward brighter rooms with lots of open space.

Judging by the *NRN* survey, remodeling can indeed play an important role when it comes to getting the most out of one's restaurant. The one statement that receives the highest level of agreement among operators is that "distinctive decor enhances a restaurant's image and builds traffic." By contrast, most disagree with the view that "restaurant remodeling is expensive and does not increase business appreciably."

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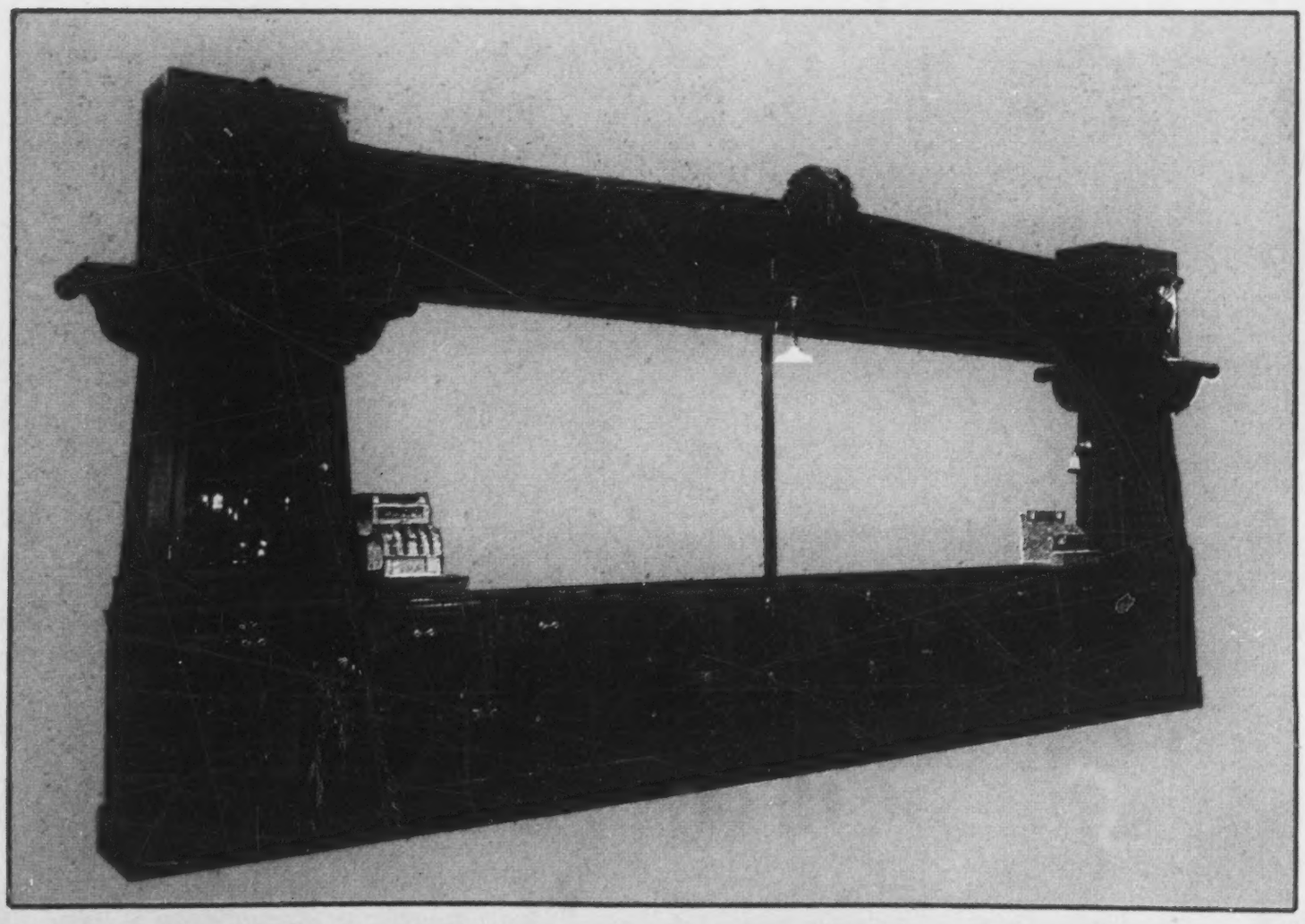

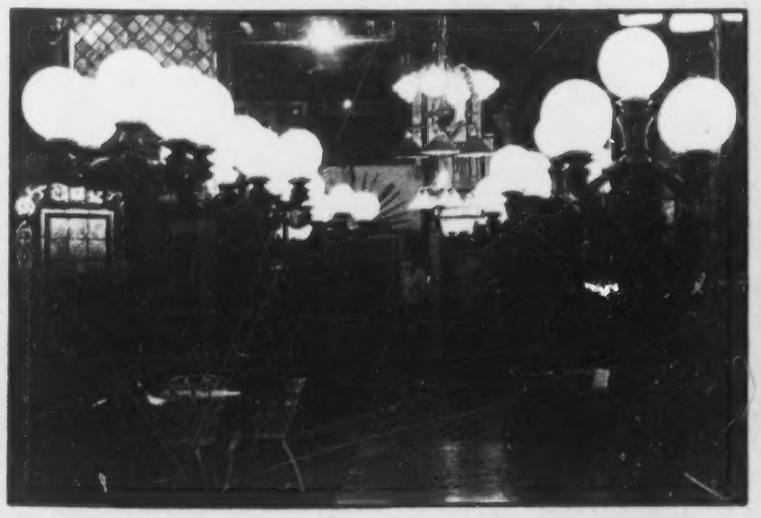

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